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NEWS SUMMARY

GENERAL

Tories secure double victory

Conservatives completed ... double election victory ...erday by winning 60 of the ...s 78 European constituen-..., and becoming the largest ...le national group in the ...sbourg Parliament.

...our won only 17 seats—a ...lt which depressed the ...y's pro-marketeers, but ...ch was better than they ...ed given the low poll. The ...aining seat went to the ...tish Nationalists. The ...rals failed to secure any ...esentation.

Tories's sweeping gains ...e matched by results from ...r EEC nations where the ...tre-Right consolidated its ...ld advance. Back and Page ...he way ahead at Strasbourg, ...e 18

...horpe case 'a ...eek tragedy'

...my Thorpe was slowly des-...ed by his homosexual ...encies in a tragedy of ...k or Shakespearean pro-...ions, Peter Taylor, prosecu-..., told the Old Bailey in his ...ng speech yesterday. ...horpe and three others have ...ed conspiring to murder ...ler male model Norman ...t, and Thorpe has denied ...g to persuade his co-...sed, David Holmes, to ...der Scott. The former ...ral leader has denied any ...osexual relationship with ...

A attacked

...ral Aviation Administrator ...horpe Bond was heavily ...ised by a U.S. Congres-...l committee for not ...nding all U.S. DC-10 air-... indefinitely until 12 days ... the Chicago air crash. He ... accused of putting airlines' ...ests before those of ...engers. Page 4 and Parlia-...t, Page 7

...tion threat

...rgy Secretary David Howell ...dary warned that the ...ernment might be forced to ...n oil if there was a further ...p drop in world supplies. ...ruled out any early moves ...allocate oil. Back Page, ...iament, Page 7; Editorial ...ment, Page 18

...plosive found

...e men were being ques-...ed by police last night after ...rcel of gelignite was found ...ed close to the Birmingham-...eston railway line. Nearby ...es were evacuated and ...ish Rail halted all services.

...odus foiled

U.S. Embassy attempt to ...uate 50 Americans from ...agua was blocked yesterday ...heavy fighting on the airport ... between Nicaraguan Presi-... Anastasio Somoza's troops ... rebels seeking to overthrow ... Government.

...mb warning

...ior civil servants have been ...ned by police to take care ... their mail after two more ...xploded letter bombs were ...d yesterday at Birming-...'s main sorting office. The ...ers were both addressed to ...or civil servants and follow ...th blasts which injured four ... Friday. Page 6

...iefly . . .

...ut 4,000 demonstrators ...rched through the Iranian ...tal of Teheran calling for ... Islamic revolution in Iraq.

...lear power plant in Water-..., Connecticut, was shut ...n because of a leaking valve ... building housing a nuclear ...ctor.

... soldiers and an ex-soldier ... being questioned by police ...ut a double murder in ...ter more than six years ago.

BUSINESS

Gold at new peak; Equities subdued

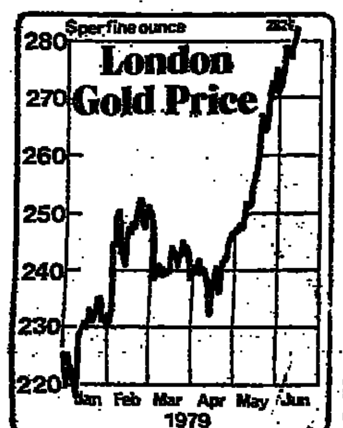
● EQUITIES were subdued ahead of today's Budget and after initial weakness closed a shade harder. The FT 30-share index ended 0.7 higher at 503.9.

● GILTS were encouraged by hopes that the Chancellor will cut public spending in the Budget. Gains extended from ½ in shorts to ¾ in mediums and longs. The FT Government Securities Index gained 0.25 to 72.85.

● GOLD rose $2¾ an ounce to a record $282¾ in London. In New York Comex gold closed at $280.80 ($280.50).

● STERLING rose 58 points from Friday's level to $2.0688 ($2.0630) in thin trading and its trade-weighted index rose slightly to 67.3 (67.2).

● DOLLAR finished near its best against major currencies at DM 1.9135 (DM 1.9110) and SwFr 1.7325 (SwFr 1.7300). Its index rose to 86.9 (86.8).



● WALL ST was 1.38 lower at 833.77 shortly before the close.

● TOKYO share prices fell sharply. The Nikkei Dow index fell 94.97 to close at 5,965.19.

● IRAQ has added a further surcharge on its contract crude oil sales. If applied, this would make Iraq's light crude the most expensive in OPEC.

● INTERNATIONAL financing package worth $670m is being arranged to develop gas and aluminium industries in Dubai on the Gulf. Back Page

● TURKISH BANKS have halted foreign currency deal-ings, evidently in anticipation of a devaluation of the currency. Page 2

● ROLLS - ROYCE RB-211 engines will in future be avail-able on European Airbus air-liners, under an agreement signed in Paris by Sir Kenneth Keith, Rolls-Royce chairman. Page 6

● REMOVING OIL spillage at Sullom Voe in the Shetlands may have cost £3.5m Esso esti-mates. Page 7

● ITALIAN INFLATION is well above the Italian Government's target of 12 per cent at an annual rate of 14.5 per cent. Page 3

● EEC is considering a long-term deal to allow access to the UK of New Zealand dairy pro-ducts, mutton and lamb, Mr. Muldoon, New Zealand Prime Minister, said in London. Page 31

● MANUAL WORKERS at BOC's gases division, who broke last year's pay guidelines, are being recommended to approve a 30 per cent claim. Back Page

COMPANIES

● METAL BOX profits for the year to March 31 rose £2.45m to £58.23m despite a fall of £3.57m in the second half. Page 20 and Lex

● ASSOCIATED BRITISH FOODS reports pre-tax profits of £78.9m (£77.6m) in the year to March 31, after a slight fall in the second half. Page 20 and Lex

New plants in Spain and Austria

General Motors $2bn investment in Europe

BY STEWART FLEMING IN NEW YORK

GENERAL MOTORS, the leading U.S. car manufacturer, has announced its biggest overseas expansion project, a $2bn investment programme aimed at increasing its European car capacity by about 300,000 vehicles a year.

The largest slice of the new investment will go into two new plants in Spain. One, at Zaragoza, will be an assembly plant; the other, at Cadiz, will make components.

In addition, a big engine manufacturing plant is to be built in Austria, and existing European facilities will have to be expanded to meet the increased demand for components.

The decision to locate the bulk of the new facilities in Spain is clearly a key one. GM said the company felt that Spain had made a smooth transition to democratic government from the Franco era and that the climate for foreign investment in the country was favourable.

The General Motors announcement comes only a few weeks after its chief U.S. rival, Ford, decided to drop plans for a new assembly plant in Europe which could have cost up to $1bn and to concentrate on expanding existing facilities.

The GM decision seems certain to put competitive pressure on Europe's car makers and on Ford. It appears to be part of a broader strategy challenging Ford's leadership over GM in foreign markets.

Earlier this year GM announced plans to expand significantly its Latin American business, too. It is investing several hundred million dollars to double to 100,000 its Mexican vehicle output and to purchase assets of the financially pressed Chrysler Corporation in Colombia and Venezuela.

Although GM, with the purchase of Vauxhall in the UK in 1925 and Opel in Germany in 1929, was first off the mark in overseas expansion, its overseas sales of cars and trucks, at 1.75m last year, falls behind the 2.23m which Ford estimated it would have sold but for a nine-week strike in the UK, but whereas Ford gets about 48 per cent of its $1.58bn of net income from overseas, GM's overseas operations account for only about 8 per cent of its earnings, which last year totalled $3.5bn on sales revenues of $63.2bn.

GM's decision to increase its European production capacity by about a quarter (it produces about 1.1m vehicles in Europe) thus presents a challenge to Ford at a time when GM has been expanding its U.S. domestic market share

General Motors expects that the new production facilities will be coming on stream in 1982, when they will employ about 12,000 people. In addition to the new facilities in Spain and Austria, GM has two component plans under construction in France; a new components plant will soon begin production in Northern Ireland, and other expansion programmes are under way.

Mr. E. M. Estes, the GM president, said yesterday: "These investments are evidence of General Motors' confidence in the continued strength of Europe's economy and its automobile market."

GM is engaged in a big U.S. investment programme, partly because of Federal Government pressure to improve the fuel economy of its fleet. It estimates that worldwide over the next two to three years it will be spending about $6.5bn a year, of which about a fifth will be overseas.

Paul Lendvai adds from Vienna: GM will build its engine plant in the Vienna suburb of Aspern. The £150m project has gone to Austria partly because of a large investment grant, accounting for a third of the total cost.

However, Mr. Alexander A. Cunningham, a GM vice-president, added that other reasons were "the excellent labour relations climate and the high degree of social, economic and political stability."

Robert Graham writes from Madrid: The GM move is the biggest car investment in Spain.

Sr. Carlos Bustelo, Industry Minister, yesterday estimated that by 1984 Spain would be producing between 1.2 and 1.5m cars a year.

FIAT INCREASES SEAT HOLDING

Fiat is to increase its 34 per cent holding in SEAT, the main Spanish car manufacturer, in a £377m restructuring plan linked with guarantees of full employment for the 32,000 strong workforce. Fiat has reserved the right to withdraw from the agreement in 1981

Government may axe 150,000 jobs in Civil Service review

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT yesterday announced a review of Civil Service staff levels which could lead to a loss of 150,000 jobs over the next three years.

The review will examine cuts in staff costs of 10, 15 and 20 per cent. It is in addition to the freeze on recruitment and promotion already being implemented, which is designed to give savings of 3 per cent with a loss of about 22,000 jobs.

No official target figure for the job cuts has been fixed, but union officials estimate that the three options would mean cuts of 75,000, 112,500 and 150,000 jobs respectively.

Natural wastage will be used wherever possible to achieve the cuts, although Civil Service Department officials said redundancies could not be ruled out. Overtime and the use of casual staff will also be reviewed.

The impact of the cuts will be selective and will vary between departments. Individual Ministers will be asked to report by July on possible savings from improved efficiency, reduction in waste and the curtailing or dropping of certain work. The Government will announce its decision in the autumn.

Union officials see the review's exclusion of an expected option of 5 per cent cuts as an indication of the Prime Minister's determination to reduce public service staffing levels.

Mr. Paul Channon, Civil Service Minister, announcing the cuts in the House of Commons, said it would be a "radical review" with the intention of making "major savings." Civil Service unions would be consulted "as appropriate."

Mr. Peter Jones, secretary of the staff side of the Civil Service National Whitley Council, said the question was whether the "surgeon's scalpel or the butcher's knife" was to be used in the cuts.

"If it is the latter, we are in for a rough time. We are not in the business of seeing the Civil Service dismembered."

The Government also announced yesterday as part of its cost-cutting programme a wide-ranging review of the Civil Service's dispersal programme, which was designed to move about 30,000 jobs away from London.

Current dispersal plans have been frozen until the review is completed. The Government hopes to announce its intentions before the summer recess.

The review will balance the Government's intention to cut Civil Service costs with its concern about regional policy and unemployment, though officials are not ruling out the programme being abandoned completely. Most unions in the service have argued the scheme would lead to a loss of morale and reduced efficiency.

Offices under construction to receive dispersed staff, including premises at Sheffield, Southport, Newcastle, Cardiff, Salisbury and East Kilbride, will be completed. But the movement of staff there is not assured and disposal of the buildings may be left to the Property Services Agency.

£ in New York

–	June 8	Previous
Spot	$2.0650-0660	$2.0660-0670
1 month	0.24-0.20 dis	0.25-0.21 dis
3 months	0.73-0.68 dis	0.76-0.71 dis
12 months	2.60-2.65 dis	2.97-2.87 dis

Callaghan honour for Healey

BY RICHARD EVANS, LOBBY EDITOR

MR. DENIS HEALEY, former Chancellor of the Exchequer and a close political colleague of Mr. James Callaghan, is made a Companion of Honour in the resignation honours list published today.

The list, recommended by Mr. Callaghan, will lead to the first by-election of the new Parliament as Mr. Harold Lever, MP for Manchester Central, is one of nine new life peers.

Labour should have little difficulty in holding the seat as Mr. Lever, former Chancellor of the Duchy of Lancaster and Mr. Callaghan's economic adviser, had a majority of 9,700 at the general election in a constituency with a tiny electorate.

There was speculation last night that this could create the opportunity for Mrs. Shirley Williams, the former Education Secretary, to return to Westminster politics. But she has said she would like some time away from Parliament after losing her seat last month.

There is also every chance that the constituency boundaries will be redrawn before the next general election.

Among the other new life peers are: Mr. Cledwyn Hughes, former chairman of the Parliamentary Labour Party, MP for Anglesey and Mr. Callaghan's emissary to Rhodesia last December; Mr. Michael Stewart, former Foreign Secretary; and Mr. George Strauss, Minister of Supply in Labour's post-war government and former MP for Vauxhall.

Scotland's loyalty to Labour at the general election is reflected in several of the awards including life peerages to Mr. William Ross, former Scottish Secretary, and Sir Meyer Galpern, former deputy Speaker and MP for Glasgow Shettleston. Mrs. Judith Hart, MP for Lanark and a former Minister of Overseas Development, becomes a Dame.

Within the Labour Party awards go to: Mr. Reg Underhill, national agent, who becomes a life peer; Mrs. Lena Jager, a member of the party's national executive and former MP for Holborn and St. Pancras South, who is created a baroness; and Mr. Frank Barlow, secretary of the PLP, who becomes a knight.

On a more personal level, knighthoods also go to Mr. Tom McCaffrey, the former Premier's Press secretary, and Dr. Montague Levine, his personal physician. CBEs go to Mr. Derek Gladwyn, of the General and Municipal Workers' Union, who helped organise Labour's election campaign, and Mr. Gordon Denniss, Mr. Callaghan's farming partner in Sussex.

By concentrating on Labour long-service politicians and personal aides, Mr. Callaghan's list contrasts sharply with Sir Harold Wilson's resignation honours which were criticised for the inclusion of "show biz" personalities.

Full list, Page 7

Rate of price inflation accelerating

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of price inflation is now clearly accelerating—even before allowing for any price rises resulting from this afternoon's Budget.

The wholesale price indices, published yesterday by the Department of Industry, show that inflationary pressures are building up throughout manufacturing industry.

The high level of recent pay deals is partly to blame, but a major reason for the worsening prospects for retaining inflation in the last few months has been the sharp rise in the price of oil and other raw materials.

The appreciation of sterling by about 5 per cent against a basket of other currencies so far this year has been sufficient to offset only part of the sharp rise in commodity prices.

Consequently the price index for materials and fuel bought by manufacturing industry has risen by 9.1 per cent in the past six months following an increase of only 0.3 per cent in the previous half-year. This index increased 1.5 per cent last month to 160.7 (1975=100).

The rise in raw material and labour costs is now clearly working through to prices charged at the factory gate. The output price index for manufactured products rose by 1.1 per cent last month to 167.2 (1975=100).

The underlying rate of increase in output prices has accelerated. This index has risen by 6.5 per cent in the past six months compared with a rise of barely 3.5 per cent in the previous half-year.

The result is that the 12-month rate of increase of output prices is now 10 per cent, for the first time since April, 1978.

The acceleration in industry's costs and prices has already started to affect the annual rate of retail price inflation, which is now back in double figures with a rise of 10.1 per cent in the year to mid-April.

Most analysts are now taking a more pessimistic view of the prospects for the 12-month rate than they were in the early spring. That is because of the rise in oil prices and a larger than expected batch of recent price rises which had been deferred because of the election.

WHOLESALE PRICES (1975=100)

		Raw Materials	Output (home sales)
1978	1st	140.2	149.2
	2nd	146.3	151.8
	3rd	144.9	154.8
	4th	147.1	157.3
1979	1st	152.2	161.6
	Jan.	150.8	160.0
	Feb.	152.2	161.7
	March	153.5	163.2
	Apr.*	158.3	165.3
	May*	160.7	167.2

* provisional

Source: Department of Industry

Shop spending falls

BY OUR ECONOMICS CORRESPONDENT

SPENDING IN shops fell last month from the near-record April level. But trade was still much higher than last year and other components of consumer spending, notably car sales, were buoyant.

The index for the volume of retail sales in May was 113.5 (1971 = 100, seasonally adjusted), according to the provisional estimate published yesterday by the Department of Trade. That compares with 115.4 in April.

The significance of the drop should not be exaggerated since the level of sales in April may have been artificially high because of an apparent bunching of purchases after the bad winter weather. Industrial dis-

Continued on Back Page

RETAIL SALES

		Volume index (1971=100, seasonally adjusted)	Value—percentage change compared with year earlier, not adjusted
1978	1st	106.4	+13
	2nd	107.9	+15
	3rd	110.7	+14
	4th	111.7	+14
1979	1st	110.3	+13
	Feb.	110.4	+12
	March	110.8	+13
	Apr.	115.4	+14
	May*	113.5	+15

* provisional

Source: Department of Trade

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			East Rand Prop.	557	+ 39
Exchequer 5½pc '31	£93⅛	+ ⅞	Venterspost	305	+ 13
...avans Intl.	72	+ 5	FALLS		
...rch	212	+ 8	Assoc. British Foods	75	− 4
...on (D.)	172	+ 9	Bestobell	208	− 7
...hion & General	173	+ 7	Brown & Jackson	217	− 13
...ris & Sheldon	50	+ 6	Coffyns	116	− 10
...hland Distilleries	107	+ 6	Hemfray	30½	− 4½
...	163	+ 10	Leigh Interests	102	− 7
...p. and Rev.	470	+ 10	Liverpool Daily Post	127	− 4
...tchi & Saatchi	223	+ 7	McCorquodale	118	− 5
...fus	157	+ 6	Metal Box	312	− 16
...itehouse (G.)	203	+ 15	Pilkington	335	− 8
...e Catto	112	+ 10	United Scientific	302	− 6
...ith Carb. "A"	87	+ 7	Central Pacific	700	− 30
...ronfontein	425	+ 14	Southern Pacific	265	− 20

CONTENTS

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EUROPE'S FIRST DIRECTLY ELECTED PARLIAMENT

Giscard emerges victor despite Chirac challenge

BY ROBERT MAUTHNER IN PARIS

PRESIDENT Giscard d'Estaing has emerged as the victor of the European elections in France, as he did from the general election in March last year.

The list of his supporters, headed by Mme. Simone Veil, the popular Health Minister, led the field by a wide margin, obtaining 27.5 per cent of the votes, followed by the Socialists with 23.6 per cent, the Communists with 20.6 per cent and the Gaullists with only 16.2 per cent.

In the new European Parliament, the pro-Giscard UDF group will have 25 seats, the Socialists 22, the Communists 19 and the Gaullists 15, making a total for France of 81 members.

Immediately after hearing the final results, Mme. Veil who has regularly topped opinion polls as the most popular French politician, submitted her resignation from the Government to M. Raymond Barre, the Prime Minister, and announced that she would be running for the presidency (Speaker) of the European Parliament.

Two other members of the Government on the successful UDF list M. Jean-Francois Deniau, Trade Minister, and M. Pierre Mehaignerie, Minister of Agriculture are also expected to resign, necessitating a minor reshuffle soon.

Undoubtedly the most important development from a domestic political point of view was the very poor showing of the Gaullists, whose leader M. Jacques Chirac, had conducted a typically aggressive campaign. Though the Gaullists are the strongest group in the French National Assembly, they trailed their pro-Giscard coalition partners by more than 10 percentage points and the balance of power within the Government majority has thus shifted in favour of the UDF.

President Giscard d'Estaing

M. Chirac and his main associate on the Gaullist list M. Michel Debre, a former Prime Minister, appear to have completely misjudged the mood of the French electorate on European issues. They campaigned on what can only be described as a nationalistic ticket opposing the very principle of direct elections to the European Parliament and constantly underlining the need to *defend French independence* within Europe.

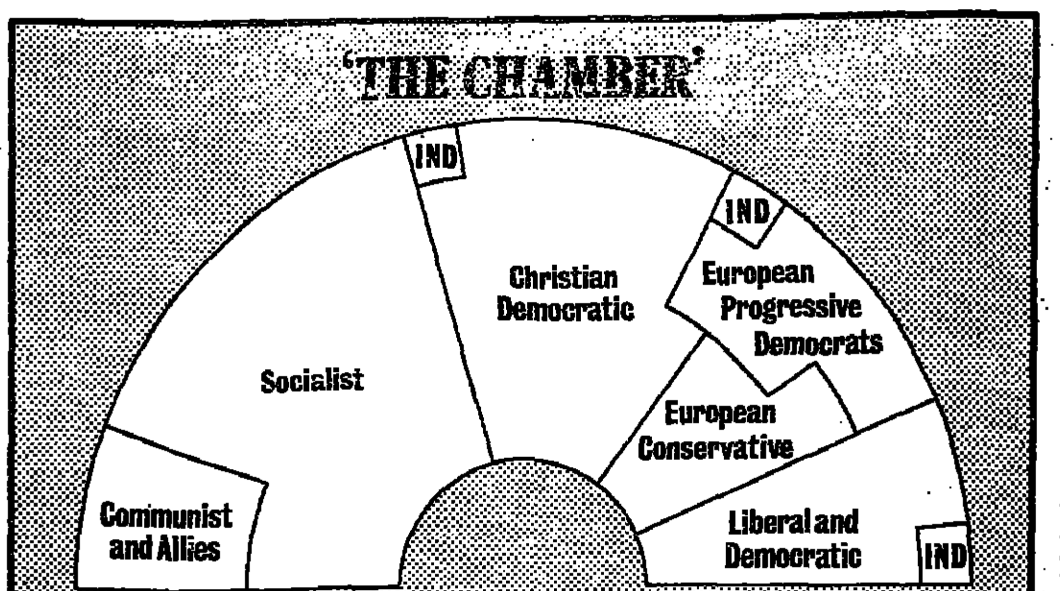
Their frequent attacks on the President and M. Barre's economic policies, as well as suggestions that Mme Veil was being dishonest in denying that she was in favour of a supranational Europe, did not prevent a substantial number of Gaullist voters from switching their allegiance to the UDF. Many, of course, may have abstained altogether since the rate of abstentions of more than 39 per cent was a near record for France, equalled only in President Pompidou's 1972 referendum on enlargement of the European Community.

While, in the general election of March 1978, the Gaullist RPR party was ahead of the UDF in 56 French departments, in the European elections the Gaullists outdistanced the Giscardians in only seven.

The opposition to M. Chirac *from an influential minority of his own party*, which disapproves of his over-aggressive style and persistent sniping at the Government, is now likely to become more vociferous. An indication was given yesterday by the resignation of M. Pierre Juillet, the Gaullist leader's *principal political adviser, whom he inherited from M. Pompidou.*

On the other side of the political spectrum the relationship between the Socialists and the Communists has also been modified. Though the Socialists did reasonably well in the European elections, their impressive progress over the past year has been halted and their lead over the Communists has been narrowed.

As a result, M. François Mitterrand's position as party leader, which was threatened at the recent party congress, has been weakened further. Even more important, his chances of being chosen as candidate of the combined Left or even the *Socialists in the 1981 French* presidential election have diminished substantially.



MEMBERS

GROUPS	Belgium	Denmark	France	Germany	Ireland*	Italy	Luxembourg	Netherlands	UK	Total
Socialist	7	3	22	35	2	13	1	9	17	109
Christian-Democratic	10	-	7	42	5	30	3	10	-	107
Liberal and Democratic	4	3	18	4	-	5	2	4	-	40
European Progressive Democrats	-	1	15	-	6	-	-	-	-	22
European Conservative	-	3	-	-	-	-	-	-	60	63
Communist and Allies	-	1	19	-	-	26	-	-	-	46
Non-attached	3	5	-	-	2	7	-	2	4	23
Total	24	16	81	81	15	81	6	25	81	410

*Projection

Gains for Centre in Italy's high turn-out

BY RUPERT CORNWELL IN ROME

THE MESSAGE of direct elections in Italy lies at least as much in the surprisingly high turn-out of almost 86 per cent as *in the further proof it offers* of a shift in the electorate's mood towards the small centre parties away from the Christian Democrats and Communists.

The final results show that both the largest parties lost support; the Christian Democrats *fell* from 38.3 per cent at the general election of the previous week to 36.5 per cent, and the Communists to 29.6 per cent from 30.4 per cent.

The most significant gain was made by Italy's two Socialist Parties, which emphasised their links with other European Socialists to promote their cause.

The Socialists ended up with 11 per cent of the votes cast, compared with only 9.8 per cent a week ago, while the Social Democrats lifted their total to 4.3 per cent. Perhaps the most remarkable advance, however, came from the Liberals, who almost doubled their general election share of the poll to 3.6 per cent.

Both major parties will be disappointed, particularly the Communists, whose support has again fallen below the psychologically important 30 per cent mark.

In domestic political terms though, perhaps the most important change was the gain by the Socialist Party. A deal with the Socialists is a prerequisite of any return to a *centre-left Government* dominated by the Christian Democrats and Sig. Bettino Craxi, the Socialist leader, may be encouraged to be both bolder and more positive when negotiations start.

The parties are united in their relief that fears of a sharp drop in turn-out from the general election proved unfounded. Although the European campaign was effectively reduced to three days after the attention concentrated on the general election, 85.9 per cent of the electorate voted compared with 89.9 per cent in the domestic poll.

In part, the high figure reflects the mandatory vote. But politicians and commentators are claiming that the vote amounts to a strong affirmation of Italy's place in Europe and the natural "Europe-ism" of its inhabitants.

The final distribution of the 81 seats gives Christian Democrats 30, Communists 24, Socialists 9, Social Democrats and Neo-Fascist MSI 4 each, Liberals and Radicals 3 each, with the remaining 4 going to other parties.

The candidates lists were mainly headed by the party leaders, including Sig. Enrico Berlinguer for the Communists, *Sig. Benigno Zaccagnini for the Christian Democrats*, and Sig. Craxi, but it is not clear how long some of them will hold their seats at Strasbourg before stepping down for less illustrious colleagues.

EUROPEAN ELECTIONS EDITORIAL COMMENT PAGE 18

Danish anti-EEC parties jubilant

BY HILARY BARNES IN COPENHAGEN

MR. ANKER JOERGENSEN, the Social Democrat Prime Minister, and Mr. Henning Christophersen, the Liberal Foreign Minister, both declared that the results of Denmark's elections for the European Parliament would have no effect on Danish European policy, but jubilant members of parties which oppose Denmark's membership claimed the election gave them a solid background on which to work for Denmark's withdrawal from the EEC.

"I think we could have Denmark out of the EEC in five years' time," said Diocesan Dean Joergen Boegh, an anti-marketeer expected to win a seat in Strasbourg.

On paper, however, the election was a victory for Denmark's pro-European parties, which won two-thirds of the vote in a 47 per cent turn-out. The right-centre electoral alliance of pro-Market parties obtained six of mainland Denmark's 15 seats, the Social Democrats three seats, and the tax-protest Progress Party one seat.

The anti-EEC parties won 32.6 per cent of the vote and *five seats. The Peoples' Movement* against the Common Market, which is a cross-party movement, won 21 per cent of the votes and four seats.

The movement was in alliance with the Socialist Peoples' Party, which obtained one seat, *and the Left Socialists and the* Single-Tax party, neither of which won a seat.

The Communists did not stand separately, but put up candidates on the movement's list. One of them is expected to win a seat.

The Liberals, with three seats, Conservatives, with two seats, and the Centre Democrats, with one seat, represent the pro-EEC *electoral alliance, which was* also supported by the Christian Peoples' Party.

Denmark's 16th seat went to Greenland, where the election was won by Mr. Finn Lynge, of the Siumut Party, which has *pledged to take Greenland out* of the EEC after a referendum in 1981 or 1982.

Victory for Dutch centre

By Charles Batchelor in Amsterdam

IN THE Netherlands, the middle-of-the-road Christian Democrats and the Left-wing Democrats 66 party did even better than suggested by initial forecasts.

The Christian Democrats gained 37 per cent of the vote, compared with the 35 per cent *indicated by a poll held immediately after Thursday's elections.* The Democrats 66 party had 9 per cent of the votes cast, against the forecast of 8 per cent.

Because of the relatively low 58 per cent turnout, politicians were reluctant to draw conclusions for the domestic political scene. It is clear though that the Democrats 66 party has nearly doubled its share of the vote compared with the 1977 general election. Labour, the main opposition party, gained 29 per cent of the vote, while the Liberals, who share power with the Christian Democrats in the present Government, took 16 per cent.

The Netherlands was the last country to begin its count, starting at 10 am yesterday, because of religious objections to holding the count on Sunday.

The poor performance of the Labour Party has been put down to the low turnout of younger voters and of voters in the large towns.

The Christian Democrats' will take 10 of the 25 seats, Labour nine, the Liberals four, and Democrats 66 two.

Humiliation for Irish ruling party

BY OUR DUBLIN CORRESPONDENT

IN THE Irish elections for the European Parliament, the ruling Fianna Fail party faced the humiliating prospect of taking only five of the 15 seats allotted to the Republic.

The surprise was the showing of two independent candidates, who topped the polls in their respective constituencies and were elected early in the count.

Mr. Neil Blaney, who was sacked as a cabinet minister by *Mr. Lynch and left the Fianna* Fail party, received a massive vote in the north-west constituency of Connaught-Ulster, where he has his power base. Mr. T. J. Maher, a farming leader and former president of the Irish Farmers' Association, topped the poll in the southern constituency of Munster.

The Labour Party has also scored a remarkable success, pushing Fianna Fail into third place in the percentage of votes in the Dublin constituency. Labour has always been certain of one seat, but could take as many as four.

The successes of Labour and the Independents have meant that the major opposition party, Dr. Garret FitzGerald's Fine Gael party, will not take as many seats as the Government's poor showing might have given it.

Government spokesmen were endeavouring to explain the bad results as a mid-term jolt which electorates often given to Governments. But there is no doubt that the present industrial unrest — in particular the four-month-old post strike — contributed heavily to the government party's poor showing. This is likely to have repercussions on domestic policy.

Conservative surprise in Germany

BY JONATHAN CARR IN BONN

THE WEST GERMAN Conservative opposition parties have *pleasantly surprised themselves* and astonished others by their success in Sunday's direct elections.

Public squabbling over leadership and strategy between the Christian Democratic Union (CDU) and its Bavarian ally, the Christian Social Union (CSU), intensified recently and seemed bound to alienate some supporters at the week-end.

But the CDU-CSU have in fact emerged on top, gaining 49.2 per cent of the vote and 42 of the 81 seats allotted to the Federal Republic in the Strasbourg Parliament.

Thus the Union parties *achieved what they failed to do* in the General Election of 1976 — that is to gain a majority against the Government coalition of Social Democrats (SPD) and Liberal Free Democrats (FDP).

In the direct election polling, the SPD gained 40.8 per cent for 35 seats, and the FDP a disappointing 6 per cent for four seats.

Spokesmen for the Government parties were quick to observe that the direct elections and a national general election were not strictly comparable.

Only 65.9 per cent of West German's 42.7m eligible voters turned out to vote on Sunday —a figure bound to have been surpassed had the future of the Bonn Government been at stake. *Further, the CDU had a partial* setback in some local elections also held on Sunday.

None the less, the Union parties in general showed striking success in mobilising their voter potential at a particularly difficult time. The lesson will not be lost on the SPD-FDP, with little more than a year to go to another general election.

No other West German party beyond these four gained a seat in Strasbourg—though environmentalist groups scored moderate success in some areas and are felt to have stolen support from the SPD in particular.

Among the notables to have won seats in Strasbourg include, for the SPD: Herr Willy Brandt, the former Chancellor and present SPD chairman; *Herr Heinz Oskar Vetter*, head of the DGB (the West German equivalent of Britain's TUC); for the CDU: Herr Hans Katzer, former federal Labour Minister; and for the CSU: Dr. Otto von Habsburg, son of the last Austro-Hungarian emperor.

Sympathies shift in Belgium, Luxembourg

BY GILES MERRITT IN BRUSSELS

THE INTERPLAY between Belgian and Luxembourg politics, and the more general forum of European politics, was the major preoccupation of analysts yesterday, as the *results of direct elections to* the European Parliament were finalised.

In Belgium, the emphasis has *been on examining the shifts* in political sympathies since the country last went to the polls, in the general election of December 1978. In Luxembourg, attention is focused on the make-up of a new coalition, in which the dominant Social Christian Party will seek to resume office after a five-year absence, as well as on the future of M. Gaston Thorn, the outgoing Premier.

The results in the 24 seats of the European Parliament allocated to Belgium have underlined a strong move in Francophone Wallonia towards the moderately nationalist parties, while in the Dutch-speaking Flanders the message has been one of growing support for the unitarist CVP wing of the country's Social Christians.

The CVP has taken seven of the 13 Flanders seats, which is seen as a personal victory for M. Leo Tindemanns, the former Premier, who is the party's leader in the European campaign.

The Francophone wing of the Social Christians, the PSC, lost ground slightly, and has won only three seats, which if translated into domestic terms would be an electoral setback. The Walloon Parti Socialiste also lost support to some extent, although it will have four seats in the Parliament.

Wallonian Liberals gained two seats, and the militant Wallonian FDF-Rassemblement Wallon group made a substantial mark by also gaining two seats.

In Flanders, the line-up was three seats for the Socialists, two for the Liberals, and one for the more nationalist Volksunie.

The final results in Luxembourg's six European Parliament seats are: three for the Social Christians, two for M. Thorn's Liberals, and one for the Socialists. But the real interest in Luxembourg now centres on the manoeuvring which will follow the Grand Duchy's simultaneous general election.

Although M. Thorn conceded defeat before the count was over, there are now signs that he may wish to delay pushing his candidacy for the presidency of the European Parliament until domestic political affairs become clearer.

Although M. Thorn's Liberal-Socialist coalition lost the election, with the Liberals maintaining their 14 seats in the 59-seat Luxembourg Assembly and the Socialists holding only 14, a loss of three, it is not certain that M. Pierre Werner, the Socialist Christian leader, is guaranteed *a return to power.*

The Social Christians gained six seats, bringing their total to 24, but they must find additional support to resume the 50-year rule which M. Thorn's coalition interrupted in 1974.

By the same token, the Liberals and the Socialists may also find a third partner for fresh coalition.

OTHER EUROPEAN NEWS

Turkey halts foreign currency dealings on eve of devaluation

BY METIN MUNIR IN ANKARA

DEALINGS IN foreign currency were suspended here yesterday as the Cabinet met throughout the day under Prime Minister Bulent Ecevit to put the finishing touches to devaluation plans. The Turkish lira is expected to fall by as much as 80 per cent in value.

Mr. Ziya Muezzinglu, the Finance Minister, is to leave today for Paris, where talks are in progress on a new standby *agreement between his country* and the International Monetary Fund.

He is to meet Mr. Jacques Delarosiere, managing director of the Fund, and hand him Turkey's letter of intent, officials said here.

Ankara's new stand-by agreement with the IMF is understood to be close to completion. However, the fate of both the letter of intent and stand-by agreement will depend on whether a Cabinet consensus can be reached on the devaluation and other measures to bring the economy onto an even keel.

Instead of a straightforward devaluation, Mr. Ecevit is expected to announce a complex multiple exchange rate system.

This will be an expanded version of the one put into *effect in April, according to* Turkish officials. Under this, the base rate for the U.S. dollar rose from TL 25 to TL 26.50.

In the month following April 10, currencies remitted by expatriate workers and exchanged by tourists were awarded 40 *per cent "premium"* plus TL 10 for every unit of foreign currency.

Thus, in effect, a U.S. dollar coming into Turkey in these two categories was worth TL 47.10. In the month following May 10 the TL 10 premium was reduced to TL 5 and the dollar base rate was reduced to TL 42.10.

This system is now expected to be expanded. In other words, the U.S. dollar and 20 other major currencies including sterling will gain value against the lira, possibly by up to 80 per cent for workers and tourists, as well as many import and export sectors.

Ekofisk oil estimates lowered

By Kevin Done, Energy Correspondent

THE PHILLIPS Petroleum group has significantly reduced its estimates of the recoverable reserves of oil and gas in the seven-field Greater Ekofisk development in the Norwegian sector of the North Sea.

The first oil was produced from Ekofisk in 1971, and the last field in the development to come on stream, Edda, should start production by the end of the year.

Phillips said yesterday that estimated reserves had been reduced by about 16 per cent as a result of recent development drilling work.

Recoverable reserves of oil and gas had been down-graded from 4.4bn barrels of oil and oil equivalent to 3.7bn barrels.

The reduction in reserves estimates is expected not to affect the fields' peak production rates, which are still likely to reach 575,000-625,000 barrels a day (b/d) in the early 1980s, with 1.6bn cubic feet a day of *natural gas and 40,000 b/d of* natural gas liquids.

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China opens way for Western joint ventures

BY ROGER BOYES IN BONN

CHINA is preparing a series of decrees which will open the way for Western companies to take part in major joint ventures with Peking. According to West German officials who returned from China yesterday, the move appears to have been approved in principle by the Chinese leadership.

The decision to allow direct foreign investment in China—an apparent shift in policy—was broached during talks between *Herr Anton Jaumann*, the Bavarian State Economics Minister, and Chinese Ministers including Vice-Premier Fang-Yi. The Chinese said they would welcome German participation in joint ventures as soon as it was legally feasible.

There have been hints over the past six months that China was about to change its line on foreign investment, but the German reports seem to suggest that the reform is imminent. It is understood that the Chinese would insist on owning at least 51 per cent of any joint venture with the West—but even this high participation would allow Peking to lighten some of its heavy investment burden and allow it to make better use of available credits.

The move appears mainly aimed at large West European and U.S. concerns. Some Hong Kong companies have reportedly established small joint ventures in South-East China but these seem to have been kept *deliberately low-key.*

The Bavarian delegation and the Chinese discussed the possibility of cooperation and joint *ventures in four main areas:* agricultural machinery, energy, the extraction of raw materials and transport (especially railway engineering). Other forms of financing, including fresh credit lines, were discussed but the Chinese clearly preferred the prospect of joint ventures, officials said.

The Bayerische Vereinsbank, which was represented on the German delegation, nonetheless signed a $100m credit agreement with the Bank of China during the visit. Details of the terms have not yet been made available, but the line is expected to include energy projects.

Herr Jaumann said yesterday that those companies who could assist China in its energy plans, whether it be the supply of pipelines or the oil and gas extraction, were particularly welcomed by Chinese trade officials. The Chinese also underlined their preference for deals to be financed half in dollars and half in the national currency.

It is believed that there could be an upsurge in German-Chinese trade before the visit to Bonn in October of Chairman Hua Guofens, the Chinese leader.

BIS calls for greater Western economic co-operation

BY DAVID MARSH IN BASLE

WESTERN GOVERNMENTS must intensify efforts to co-ordinate their economic growth and balance of payments policies to tackle the challenge to the world economy presented by the upsurge in international inflation and shortage of oil. This was the principle recommendation in the annual report of the Bank for International Settlements, released in Basle yesterday.

The report particularly outlined the danger of renewed currency unrest and world recession unless the U.S. ensured a cooling-off in its economy and a reduction of its current account payments deficit.

In a clear call for western leaders to decide better policy *co-ordination at their summit* meeting in Tokyo, later this month, Dr. Jelle Zijlstra, the President of the BIS, told the Bank's annual meeting yesterday that imbalances between leading countries must be corrected if exchange rate stability was to be firmly established.

"We need a balance of payments situation in the U.S. that maintains confidence in the dollar, coupled with a better equilibrium in the external accounts of those countries which have been running large and persisten payments surpluses," he said.

The Bank's report warned that because of both domestic and international restraints—in the form of wage cost pressures and inelasticity of supply of world commodities—the industrialised world may have to be content with lower growth rates than in the past.

The BIS said that western governments should apply a radical policy of reducing oil imports through general energy saving measures, development of domestic oil production and substitution of other forms of energy for oil.

Additionally, unless the cyclical upswing in the U.S. in evidence in the early part of the year, "dies a natural death" it has recommended the American authorities to consider tignter monetary and fiscal measures to dampen the inflation rate and restore full confidence in the dollar.

The BIS said the decline of the *dollar last year showed* it was not possible for a large reserve currency country like the U.S. to sustain a level of domestic demand significantly higher than that existing elsewhere. BIS officials commented yesterday that since the report was completed, there have indeed been further signs that the U.S. economy is cooling off "although they are not yet ambiguous," it said.

BIS annual meeting: Full report Page 28

مكتبة الأصل

EUROPEAN NEWS

Italian inflation running well above target

BY PAUL BETTS IN ROME

:TAIL PRICE inflation is ntinuing to accelerate in Italy ll above the Government's per cent target for this year. Official figures released sterday show a 1.3 per cent rease in retail prices in ril, which would represent 4.5 per cent inflation rate on annual basis.

Retail prices increased by 1.9 cent in January. 1.5 per t in February. 1.2 per cent March, and 1.6 per cent in ril.

These increases are in large asure due to the rise in raw terial costs, which has had narked impact on Italy as materials account for about per cent of the annual port bill.

Moreover, there is increasing cern over the effect of the in oil prices, since Italy es on oil for about 75 per t of its energy.

The authorities are expected ninently to introduce long-rdue measures to attempt to uce oil consumption. A inet meeting is scheduled to iew energy supplies at the of this week.

Latest figures show overall rgy consumption rising by per cent during the first months of the year, while hortfall of some 8m tonnes oil is expected in the first of the year. This is about per cent of the 52m tonne et for the first half of the r.

Although the introduction of rgy measures has been held by the recent general elec- the authorities have ertheless attempted to retain up to 35 per cent of some products—like fuel oil and petrol —refined by private operators in Italy for third parties for export.

This move, designed to keep these products for the domestic market, has exacerbated the already fraught relations between the Government and private oil operators.

But the Government's move appears to have had little effect, since oil operators seem to have re-routed shipments of oil, originally to be refined in Italy, elsewhere.

While petrol supplies are running low, the authorities are understood to be particularly alarmed over shortages of fuel and heating oil.

The continuing increase in Italian energy consumption also reflects the recovery of industrial output, which in April rose by 5.3 per cent from the same month in the previous year. According to official figures released at the weekend, industrial production rose by 7 per cent during the first four months of this year, compared with the same period last year.

Meanwhile, Fiat, the Turin-based conglomerate, yesterday announced a 5 per cent immediate increase in the price of all its cars.

This is the third time this year Fiat has increased its car prices. In February, they rose by 4 to 5 per cent, and in April by 5.5 per cent.

The latest increases, the company said yesterday, were largely due to the substantial rise in the cost of raw materials since the beginning of the year.

Satellite warfare may cast a shadow over the Carter-Brezhnev summit. **David Tonge** reports.

Shaping up for the battle of tomorrow

IN ONE of the James Bond films the belief that the Russians were kidnapping U.S. spacecraft led the Americans to prepare to launch a nuclear attack. Now, in real life, the fear of such kidnaps has become an issue between Moscow and Washington which threatens to cast a minor shadow over this weekend's Carter-Brezhnev summit in Vienna.

At present, in this bizarre battle of tomorrow it is the *Russians who are on the defensive.* They fear that their satellites may be plucked out of orbit by the U.S., even though the former have the more apparently dangerous satellites and have successfully tested different types of "hunter-killers."

The U.S. and USSR have been formally negotiating on satellite warfare since last June. Little publicity was given to the four formal rounds of talks, since neither side was keen to disclose the vulnerability of its satellites.

But the eerie cast of futuristic actors involved—ranging from silent sentinel satellites lurking deep in space to charged-particle beams fired from earth or even space — does not diminish the immediate relevance of the talks.
U.S. market.

Such a treaty is important, since no strategic arms limitation treaty (SALT) stands a good chance of ratification unless the sceptics of the U.S. Congress are assured that its observance can be verified.

This verification depends increasingly on satellites. Just as SALT 1 was accompanied by, and partially dependent on the agreement on anti-ballistic missiles, so SALT 2 may be closely accompanied by an agreement limiting anti-satellite activity.

At one point, it was hoped that such an agreement would also be signed at the Vienna summit, but U.S. officials now fear that this "is very much a long shot." After months of apparent progress in the talks, these ran into difficulty recently when the USSR asked the Americans to halt development of the U.S. space shuttle.

The shuttle, which is due to have its first test flight in November, is central to the U.S. space programme. But the USSR reportedly considers it a threat to its own space activities and has demanded a halt of its development. Washington has rejected this demand.

Before this problem, the two sides had made progress not only on agreeing a ban on the destruction of opposing satellites but also on the more intricate question of the extent to which either side may act on the other's satellites in what is known as non-destructive interference. Here, the complexities are enormous.

Some degree of espionage on satellites is permissible. Both sides already "interrogate" each other's satellites. The U.S. for instance, has developed laser techniques which allow it to determine not merely the path and speed of a setellite but also its function.

In the case of reconnaissance satellites, this technique has been advanced to the point of allowing one to infer the type of lens carried and thus, even, the film it is using, according to Mr. Farooq Hussain of the International Institute for Strategic Studies. The difficulty is in defining—and in water-tight phrases—what degree of jamming, declining and blinding is permissible.

By the end of 1977, the U.S. and the USSR had made 2,140 successful announced satellite launches, according to the space log of the U.S. space company TRW. The Soviet Union accounted for 1,218 of these, and the U.S. for 922, of which 598 were for the U.S. Defence Department. Last year, the USSR launched about 100 more. The U.S. announced figures for less than half that.

Today, about 100 Soviet military satellites and about half this number of U.S. military satellites are operational, according to experts. However, a single U.S. satellite may perform the functions of several Soviet ones. Though ahead in quantity, the USSR lags in quality.

Military satellites are used for "C 3" (command, control and communication), navigation, reconnaissance, SALT verification and targeting. So refined have satellite systems become that for the real-time targeting—targeting which allows units to take account of the movements of their adversary—missiles have not merely taken over from conventional systems but conventional systems are scarcely still in operation. They are thus a crucial part of the superpowers' armament.

The shuttle, due to have its first flight in November, is central to the U.S. space programme. But the Soviet Union reportedly considers it a threat to its own space activities, and has demanded a halt to its development.

This increasing reliance on satellites has led both sides to develop anti-satellite systems. In 1960, the U.S. invested in the Saint project—an irreverent *acronym for satellite inspector* technique. It was eventually abandoned, but in 1963 the U.S. first demonstrated an anti-satellite capability, launching missiles against low-orbit targets. American interest only became intense, however, after the second wave of Soviet anti-satellite tests began in 1976.

The USSR first brought one satellite into range of another in 1967. Though there is still disagreement within the U.S. Defence Department over the interpretation of its subsequent tests, the USSR then embarked on a wave of these tests. In all, it has launched over 30 satellites whose purpose is generally seen as being to intercept and destroy another. The last reported test was in May last year.

Between 1966 and 1971 it also seems to have investigated launching a weapon which would partially orbit the earth and then drop on its target. This so-called fractional orbital bombardment system is now usually grouped with anti-satellite tests.

Some Soviet satellites met their apparent satellite target after only making a part of an orbit. In later tests, they rose from an originally lower orbit. All of the hunter-killer satellites which they tested were in orbit for less than a day. Experts believe they rely on conventional rather than nuclear warheads. The Soviet Union does not yet appear to have developed a weapon armed with, say, a laser, capable of destroying several targets, though are thought capable of developing it.

This Soviet emphasis on using short-life satellites to destroy a single target highlights the weakness of the main present Soviet anti-satellite system. The "window" for launches — the times when a launch can be made to synchronise with the target's orbit —from the Soviet launching pads north of the Black and Caspian Seas is only open for a short period each day: for some targets it is only open once a week. A comprehensive attack by killer satellites based on existing techniques would thus take about two weeks to execute.

For its part, the U.S. has worked on both offence and defence. Its original efforts relied on firing anti-satellite missiles from rockets such as the Thor booster, Zeus and Nike. Later, Skipper, a project involving vertically - launched space mines, was developed. Today, old Minutemen rockets are held for this purpose, while air-launched missiles are being *tested in ground simulation* exercises.

Some of the present systems involve homing missiles, others would drop unguided fragments or projectiles in the orbit of the target. But most emphasis appears to have been placed on developing a ground-based system involving researching lasers or, in the future, beams of charged sub-atomic particles. Funds for the latter were first appropriated for such research in 1975. The laser possibilities are enormous.

The system being built for the U.S. air force is designed to be flexible, allowing interrogation, interference with or destruction of part or all of a target. The USSR may have a slight lead in particle beam research—though not nearly as great as that suggested by some U.S. security chiefs, according to Mr. Hussain. But in lasers the U.S. appears to have a significant edge.

On the defensive side, the U.S. is working on "hardening" *satellites through developing* protective shielding, on reducing their radar profiles and on giving them "self-healing" capabilities.

A development in the past five years is of "dark satellites"—ones with a minimal radar profile which are sent off into distant orbit to stand on silent relief guard duty. They are virtually untrackable by an enemy but can be brought down to lower orbits when required, according to U.S. officials.

The U.S. Space and Missile Systems Organisation, SAMSO, has had its earlier worries about U.S. satellite vulnerability eased by the development and funding of this programme. It is confident that its general technological lead over the USSR can be maintained.

However, the U.S. Arms Control and Disarmament Agency, ACDA, sees two reasons for pressing for an agreement with the USSR. The first is that satellite warfare development is still at a relatively early stage. Stopping expenditure before it has accelerated makes more sense and may be easier that attempts to cut back existing weapon systems. The second reason is that Congress has ordered ACDA to assume in strategic arms limitation talks that "standard practices could be altered so as to impede verification."

ACDA thus has to prevent *verification being affected.* In the satellite protection talks its priorities are to limit anti-satellite systems to their present capabilities and to reach an agreement not to interfere with the satellites of the other party.

Just as a satellite protection treaty is important to the U.S. as part of any SALT package, so it is crucial for the USSR. The Soviets position has long been complicated by fear of what China is up to.

Dr. Lawrence Freedman, head *of the Policy Studies Unit of* the Royal Institute of International Affairs, suspects that Soviet killer satellites may be intended to act against low-flying Chinese satellites rather than the higher U.S. ones.

But the more immediate Soviet concern is with the U.S. space shuttle. U.S. officials have long boasted of its ability to retrieve satellites. However, the vigour with which Soviet fears in this direction were initially expressed last year, and have since been repeated, has surprised Washington.

Swedish concern in joint bid for Norway oil share

BY WILLIAM DULLFORCE IN STOCKHOLM

[NOR]SK HYDRO, the Norwegian chemicals, aluminium and petroleum group, and KemaNobel, Swedish chemicals group, making a joint bid for a 10 per cent stake in the so-called "sector block" on the Norwegian continental shelf.

... are also planning to operate in petrochemicals and the manufacturing of plastic containers for the storage and transport of oil and industrial chemicals.

The joint bid is the first attempt by a Swedish concern to obtain access to Norwegian oil since shareholders in Volvo defeated the deal under which Norway was to buy a 40 per cent share in Volvo, the Swedish vehicle company. That deal would have given Volvo shares in three Norwegian blocks.

The bid concerns oil block 30/6, termed the "silver block" because it is believed to be the second most promising of those awarded in Norway's fourth concession round.

When licences were announced on April 6, the Norwegian Oil Ministry withheld 10 per cent of the block for later allocation. It is thought to contain substantial reserves of both oil and gas.

Dassault seeks Arab aid for Mirage

PARIS—The Marcel Dassault aviation group is seeking Arab help in financing its highly sophisticated Mirage 4000 fighter, according to M. Claude Vallieres, the company president.

Speaking at the Paris Air Show, M. Vallieres gave no details but recalled that the French Government has refused to buy the Mirage 4000 for its air force.

The prototype of the Mirage 4000 made its maiden flight last March.

AP

Basque kidnap victim released

BY DAVID GARDNER IN MADRID

Mr. Ignacio Astiz Larraya, the Industry Ministry's representative in the Basque province of Navarre, was released unharmed yesterday morning after being held for five days by ETA (Politico-Militar), the more moderate of the two wings of the radical nationalist guerrilla organisation.

Mr. Astiz was kidnapped last Wednesday, in the aftermath of a two-day general strike in the Basque country. The strike was in reaction to a police killing of a young anti-nuclear demonstrator in Tudela, Navarre, the previous Sunday. ETA (P-M) described its action in a communique issued *last week as a* "temporary arrest," planned in response to the Tudela killing.

The politico-military wing of ETA, unlike the military wing, acts only in the wake of significant mass movements supporting specific strikes or wider social issues. In this sense, it regards itself as both a deterrent and as a subsidiary instrument of Basque national emancipation. ETA-Militar, on the other hand, through its campaign of attacks on military, police and government representatives, regards itself as the spearhead of "the Basque Revolution."

In a related development, top-level Government meetings continued yesterday, after a marathon weekend session, aimed at ironing out the governing UCD's objections to the draft statute of autonomy presented by Basque MPs last year.

The Government has opted for a hard line on the Basque statute, objecting principally to its proposals for more devolution of powers over tax-collecting, justice and control over police, and international relations.

The draft statute is regarded among the mainstream Basque parties as the last chance for a peaceful solution to the Basque problem. Radical nationalists, however, mainly grouped around the electoral coalition, Herri Batasuna, are planning a mass rally this week in Pamplona, to present a counter-statute which incorporates the principle of Basque sovereignty.

Mainstream nationalists, as well as Socialists and the Basque section of the governing UCD, believe that the Government's hardline plays into the hands of the radicals, who are supported by ETA-Militar.

OVERSEAS NEWS

Acrimonious beginning to Palestine autonomy talks

BY ROGER MATTHEWS IN CAIRO

THE UNITED STATES will not intervene directly in negotiations between Egypt and Israel over the future of the Palestinians living on the occupied West Bank and Gaza Strip unless deadlock is reached. This was stated yesterday by Mr. James Leonard, leader of the U.S. delegation, as the second round of talks began in Alexandria amid the now almost habitual exchange of recriminations.

Egypt has complained that Israel has made the negotiations more difficult by giving approval for a new Jewish settlement to be built near the main West Bank town of Nablus, while Dr. Yosef Burg, Israel's Interior Minister, yesterday accused the Egyptian press of launching personal attacks against Mr. Menahem Begin, the Israeli Prime Minister. Egypt's Prime Minister Mustapha Khalil said in his opening statement that he thought it would be better if both sides refrained from making any comments that would be detrimental to the cause of peace.

Both sides agree that the main purpose of the current talks is to sort out matters of procedure. Egypt, for example, is pressing for at least four committees to be established in order to discuss separately the different aspects of Palestinian autonomy while the Israelis would prefer all issues to be discussed within a single negotiating framework.

Mr. Leonard urged the Egyptians and Israelis to get down to serious negotiations as soon as possible. He will continue to head the U.S. team until the arrival of Mr. Robert Strauss, President Carter's special representative. It will be up to Mr. Stauss to try and find common ground between Egypt and Israel's widely divergent positions on Palestinian autonomy and few officials expect any significant progress to be made for the next two or three months.

Egypt has drawn up its own proposals for the implementation of Palestinian autonomy and the powers to be given to the local administrative council, but President Sadat has said that he only intends to put the Palestinians on the road towards self-rule and deciding their own future.

Opposition bitter after Egypt poll

BY OUR CAIRO CORRESPONDENT

THE LEADER of one of Egypt's opposition parties said yesterday that last week's general election had shown that the future was bleak for democracy in this country. Mr. Khalid Mohieddin, who heads the Left-wing Unionist Progressive Party, claimed that the Government was trying to drive his party underground and forecast that internal security would be tightened.

Mr. Mohieddin accused the Government of intimidating voters and using a range of other tactics designed to prevent any real opposition candidates being elected to the People's Assembly.

"The man in the street now has a greater sense of fear than he did under Nasser," Mr. Moheiddin said. "Under Nasser it was the intellectuals and certain privileged classes who were fearful. Today it is every ordinary citizen."

President Anwar Sadat's National Democratic Party scored an overwhelming victory in results so far announced for the election. Candidates who failed to win 50 per cent of the votes cast are involved in another round of voting on Thursday.

The Unionist Progressive Party's two MPs including Mr Mohieddin, were both defeated as were the party's other 29 candidates, although three fight again later this week.

Mr Mohieddin said that in his constituency his vote had officially fallen from 22,000 when he was re-elected in 1976, to around 11,000 last week. He alleged that last-minute changes had been made in the qualifications allowing women to vote and this had deprived him of an important number of supporters.

In another constituency a ballot box had been found to be full of completed voting slips before polling began. When the candidate complained he was taken to the police station for four hours.

Another spokesman for the left-wing party, which President Sadat has accused of taking orders from Moscow, said he thought there had never been such officially controlled elections in the history of the country.

"The Administration is well aware that it cannot deliver the prosperity that it has promised will accompany the peace treaty with Israel and is seeking to tighten its grip before problems really begin," he said.

Islamic grip tightens on Iran press

By Andrew Whitley in Tehran

MAJOR CHANGES are taking place in the structure of Iran's Press, which will consolidate the ideological domination of the country by Islamic forces backing Ayatollah Khomeini.

The biggest publishing house in the Middle East, the Kayhan group, has been sold in the past week to a syndicate of bazaar dealers. A new morning daily owned by Mr. Abol Hassan Bani-Sadr, believed to be a member of the ruling Revolutionary Council, appeared on the streets earlier this month and Ettelaat, now the largest circulation newspaper, follows a slavishly pro-regime line.

A draft Press Bill, prepared by the Ministry of Information—renamed the Ministry of National Guidance—has been criticised by liberals and intellectuals as putting too much power in the hands of the authorities. Among its provisions are three years' imprisonment for insults against leading clergymen.

The only independent publications still printing material critical of Iran's new rulers are the small circulation dailies, Ayndegan and Peygham-e-Emrouz, and a number of weeklies, notably the satirical weeklies Ahangar and Haji Baba. They all lead a precarious existence, of which last month's 10-day shutdown by Ayndegan is an example.

The new era at Kayhan, once boasting a circulation of 1½m, began yesterday when the new owner, Haji Agha Mahdian, took possession.

There had been no announcement of the takeover and the price paid by Mr. Mahdian and his friends has not been disclosed officially, although Senator Mustafa Mesbahzadeh, formerly the largest shareholder, now living in Paris, is said to be getting about 1bn reals ($14.2m).

Considering the attitude of the Islamic Republic to prominent individuals of the old regime like Mr. Mesbahzadeh, he is probably glad to have received that much. But estimates of the overall value of the Kayhan group, which published eight papers and magazines at one time, range up to R8bn ($114m).

Senator Mesbahzadeh was sucked into the Shah's orbit, but the daily newspaper retained in the public mind, and in the view of the monarch, some of its critical left-wing traditions. During the height of the opposition movement last winter and in the brief days of genuine Press freedom, it played an active political role.

In taking over the group, the bazaar syndicate has also taken on an enormous debt, estimated at R2.5bn ($35.5m), resulting from over-ambitious expansion and modernisation plans just before the revolution and from losses sustained during the Iranian turmoil.

Namibia debates easing of racial bars

By Quentin Peel in Johannesburg

NAMIBIA'S National Assembly is being called on to scrap racial discrimination in all public amenities and residential areas in the territory, in a move to win international credibility.

The measure, which was debated in the assembly for the first time yesterday, has already aroused the heated opposition of the Conservative white political parties in Namibia (South West Africa), including the National Party, sister of the ruling party in South Africa.

The legislation seeks to impose penalties for anyone guilty of discrimination, with fines of up to R300 (£171) and jail terms of up to three months for offenders.

The measure has been brought forward by the Democratic Turnhalle Alliance, the major party in the territory sympathetic to the South African Government. It commands an overall majority and approval of the changes is virtually guaranteed.

Black critics of the assembly, who see it as no more than a puppet for the implementation of South African policy in Namibia, point out that the anti-discrimination measure is thet very minimum necessary to meet black aspirations. Scrapping of discrimination in hospitals and schools is also called for and even positive discrimination in favour of the majority population.

Ugandan dispute raises question of Obote's role

BY OUR DAR ES SALAAM CORRESPONDENT

UGANDA'S NEW leaders are openly divided with the country's National Consultative Council, its acting Parliament over the next two years, dissociating itself from ministerial appointments made last week by President Yusuf Lule.

The Cabinet reshuffle saw the replacement of several apparent supporters of the Dr. Milton Obote, the former President, deposed by Idi Amin in 1971, by Ministers with the reputation of being right-wingers. Altogether four new Ministers were named and four others were given new jobs.

The changes were followed by hastily-arranged talks between President Lule and the Tanzanian President, Dr. Julius Nyerere, at Mwanza on the southern shore of Lake Victoria. Ugandan ministers said they had complained to Dr. Nyerere about what they called Lule's dictatorial style. They said that he was packing the Cabinet with his own supporters and formulating policies without consultation.

They complained further that the 67-year-old professor was ignoring the role of the broad-based consultative council. When he was elected chairman of the Uganda National Liberation Front Professor Lule promised that the interim government which replaced Idi Amin's regime would serve for a maximum of two years and that there would then be elections.

The confused situation at Mwanza was further complicated by the arrival there of Dr Obote. Until now Dr Obote, an exile in Dar Es Salaam since his overthrow, appears to have sat quietly on the sidelines while the drama of his country's future was played out.

Only last week Dr Nyerere announced in a broadcast that rumours that he wanted to reinstate Dr Obote as Ugandan leader were untrue.

However, 48 hours later Dr Obote was in Mwanza, and Ugandans said he was discussing the possibility and timing of his return to Uganda. At the same time it was learned that Dr Nyerere was trying to allay President Lule's fears that Dr Obote was planning to overthrow him.

The 30-member Consultative Council, which was formed by exile groups at a meeting in Moshi, Tanzania, in March, has been meeting in private in Kampala for the past month. It is due to be enlarged to a membership of 90.

John Worrall reports from Kampala: A Kampala magistrate yesterday remanded Mr. Bob Astles, the British-born aide of former President Amin, for two weeks on a charge of murder.

The charge against Astles, who was jeered by spectators, is that with four others he murdered a fisherman in March last year. He was remanded in custody to Luzira prison for two weeks. The question of bail was not raised.

Tarling committed

SINGAPORE — Mr. Richard Tarling, formerly chairman of Haw Par Brothers International, was yesterday committed for trial in the Singapore high court on five charges of violating Singapore company law, Reuter reports. Mr. Tarling told the court that he wanted to reserve his defence.

Meanwhile, it was confirmed yesterday that Mr. Jim Slater has set up a fighting fund for Mr. Tarling, his former business colleague.

INDONESIAN PETROLEUM

High prices spur exploration

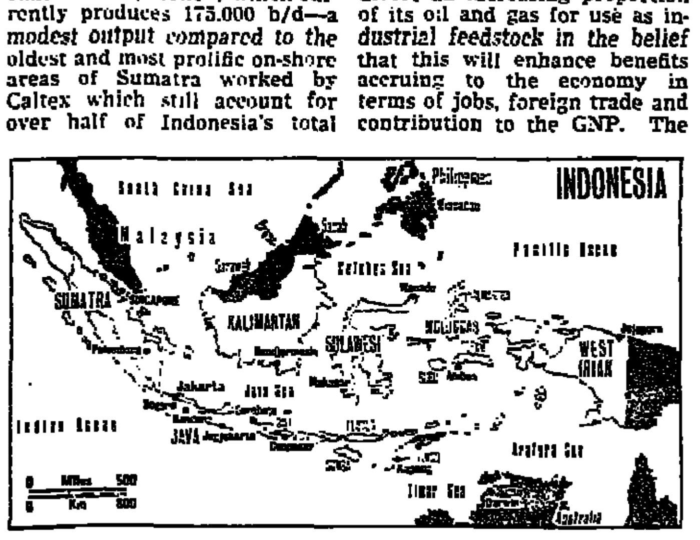
BY DILIP MUKERJEE IN KUALA LUMPUR

INDONESIA DOES not expect to have any difficulty in mobilising the capital needed over the next five years to develop its hydrocarbon resources. As Dr. Subroto, the energy minister, told a conference of the Indonesian Petroleum Association recently. He expects oil prices to rise faster than world inflation and he believes that situation will offer greater financial incentives to production contractors to find and win expanded volumes of oil.

General Piet Haryono, Director-General of the State Oil Company, Pertamina, told the same conference he estimated the total outlay required for oil and gas exploration and development to be $2.19bn in the five years 1979-80 to 1983-84. He was confident that this would result in a 14 per cent increase in Indonesian oil production from 1.59m barrels a day to 1.82m b/d from already proven reserves.

His confident prognosis was endorsed by Mr. Ray Huffington, whose company has a small stake in offshore oil and a large one in natural gas. He expected drilling activity to be increased by 50 per cent in the next five years with at least 80 rigs operating in 1983-84. He prophesised that new discoveries in this period would not only offset depletion but would also add at least 25 per cent to the reserves.

Indonesia has never offered any estimates of its reserves, though official statistics record the discovery of 140 new fields during 1970-76. The largest of these is the Handil field off East Kalimantan (Borneo) which currently produces 175,000 b/d—a modest output compared to the oldest and most prolific on-shore areas of Sumatra worked by Caltex which still account for over half of Indonesia's total output.



Dr Subroto pointedly called attention to the world-wide trend towards "the discovery of smaller pools or more remote and difficult reservoirs." He was in effect discouraging any facile optimism about the future. He emphasised conservation of resources, and he outlined steps being taken to restrain domestic consumption of crude (which now stands at about 20 per cent of Indonesia's production) by developing alternative energy sources, chiefly hydro-power and coal.

What Indonesia, like other oil producers, wants to do is to divert an increasing proportion of its oil and gas for use as industrial feedstock in the belief that this will enhance benefits accruing to the economy in terms of jobs, foreign trade and contribution to the GNP. The plans it has for downstream operations call for very large investment, with Gen. Haryono setting a figure as high as $17.6bn as the total required for all oil and gas-related activities in the five years ending 1983-84.

There is expected to be no difficulty in finding money for developments yielding an output for which there is a strong and sustained demand in industrial countries. Japan has, for instance, financed two LNG plants at a cost of almost $1.5bn in return for an Indonesian commitment to sell the entire output to Japanese utilities.

But where export prospects are doubtful as in the case of petro-chemicals or where the output is intended for the domestic market, finance is by no means assured. A case in point is the hydrocracker that Indonesia is anxious to build at Dumai in central Sumatra to augment the domestic output of oil products by 4m tonnes a year. This has been canvassed at various times with potential European, Japanese and South Korean investors, but a deal has yet to be struck.

A likely new ploy is to make new contracts for long-term oil supplies conditional upon an appropriate commitment of cash for projects like Dumai. There are reports that the South Koreans are taking the bait, and this may see Dumai through even if the Japanese, still the front-runners, do not oblige.

But Indonesia does not have much oil to conjure with because the bulk is tied up in one way or another. This makes it more difficult for Pertamina to go ahead with plans for the production of olefins, synthetic fibres and arometics, more so because Japan—by far the largest investor in Indonesia—is probably over-committed in petrochemicals, with investments made or pledged for plants in the Gulf states and Singapore.

AMERICAN NEWS

Congress attacks FAA for 'disregard of flying public'

BY DAVID BUCHAN IN WASHINGTON

MR. LANGHORNE BOND, the Federal Aviation Administrator, yesterday came under heavy fire, before a Congressional Committee for allegedly putting the interests of airlines before those of passengers by not grounding all DC-10 aircraft in the U.S. indefinitely until 12 days after the Chicago air crash on May 25.

His agency's performance was attacked by other witnesses before the House Government Operations Committee and by several Congressmen. Mr. James Dunne, president of the Airline Passengers' Association, called for Mr. Bond's resignation for "serious incompetence and near total disregard for the flying public."

Mr. John Burton, the Committee chairman, alleged amid acrimonious clashes with Mr. Bond that the FAA had tried to pressure his Congressional committee into delaying its hearings. The charge was denied by Mr. Bond, who asserted that at every step the FAA had put safety issues paramount on the basis of available technical evidence, despite widespread inconvenience to air passengers and cash losses to airlines owning DC-10s.

In the aftermath of the Chicago crash and investigations, U.S. airlines yesterday began inspections of engine mounting of all their wide-bodied jets, regardless of their individual manufacturer, as requested by the FAA over the weekend. This covers the Boeing 747, the Lockheed L-1011 and the European-made A-300 Airbus, though these aircraft, unlike the grounded DC-10s, can continue in service while the checks are made.

Mr. Burton accused the FAA of delaying the revocation of airworthiness certificates for the DC-10s until June 6, when the agency had evidence as early as June 1 that structural weaknesses were obvious in the DC-10 pylon attachments.

These, he said, should have been clear at the time of manufacture by McDonnell Douglas, and raised serious questions about the orginal certification of the aircraft by the FAA.

The FAA Administrator contested this, saying these weaknesses had come to light only on June 5, and that his agency had acted speedily the next day in ordering the indefinite grounding of the aircraft.

He said the FAA was not conducting two inquiries. The first was into the maintenance practices of the eight U.S. airlines operating DC-10s, and the second was a study supervised by the FAA of the DC-10 engine made by General Electric to see whether vibration was in any way to blame for the loss of the engine which caused the crash at Chicago of an American Airlines airliner.

Mr. Langhorne Bond: defends FAA's grounding of DC-10 aircraft.

Michael Donne adds: The world fleet of 277 McDonnell Douglas DC-10 wide-bodied jet airliners will probably stay grounded for several more days despite mounting protests from the airlines. This became clear yesterday as inspectors from the FAA moved into U.S. airline fleets to examine the aircraft and study maintenance records.

Outside the U.S. airworthiness bodies were still awaiting detailed answers from the FAA to questions about the DC-10 grounding last week, particularly technical questions on the reasons for the FAA's actions.

The UK Civil Aviation Authority has sent a small team to the U.S. to clarify the facts behind the FAA's actions, and it will also be sending a senior safety adviser, Mr. Geoffrey Chouffot, to a meeting in Paris today of the European Civil Aviation Conference.

The DC-10s will be allowed to fly again only when the FAA and the other bodies can be convinced by their own and their airlines' studies that the further cracks found in DC-10 engine-wing pylon mountings were due to faulty or clumsy maintenance procedures, and not to design flaws or metal fatigue.

It seems most likely that the FAA will eventually release the later model DC-10s, such as Series 30s and 40s, before the older Series 10s. It was a Series 10 DC-10 that crashed at Chicago recently, killing 276 people.

In the meantime, airlines continue to fume at the waste of resources through their fleets being grounded, and there are increasing threats of legal action against the FAA and other bodies, seeking compensation for loss of revenue.

Airlines checking the engine-wing mounting installations on other wide-bodied jets stressed yesterday that the FAA's request to do this was not a mandatory one, but purely precautionary to try to ensure that proper maintenance procedures were being observed, and to check that the faults in the DC-10 had not been perpetuated in other aircraft.

Commons statement, Page 7

Check on cost of gas pipeline

BY DAVID LASCELLES IN NEW YORK

MINDFUL of the soaring costs of the Alaskan oil pipeline, Washington has developed a formula to check the cost of building its twin, a 4,800-mile pipeline to transport natural gas from Prudhoe Bay across Canada to the U.S.

The Federal Energy Regulatory Commission has offered the building consortium a lower rate of return than they want, but says this rate will be increased if costs are kept down.

If costs work out between $13bn-$18bn, as estimated, the rate of return will be 17.5 per cent for the stretch of pipeline in Alaska and 15 per cent for the rest. But as costs go up, the rate of return goes down. If final costs are twice the original estimate, the rate will be 12.8 per cent for Alaska and 11 per cent for the rest.

If, on the other hand, costs go down, the rate of return could rise to over 20 per cent.

The pipeline is due to be completed by 1984, but the expense and other regulatory problems means its chances of going ahead at all are still less than 100 per cent.

AP adds from Washington: Oil companies apparently stockpiled some crude oil instead of refining it into petrol, helping bring on current shortages, a senior official of the U.S. Federal Trade Commission yesterday told a House of Representatives sub-committee.

Mr. Alfred Dougherty, Director of the FTC's Bureau of competition, said that statistics showed that petroleum imports have continued at near normal levels despite last winter's interruption in oil supplies from Iran. He said that other oil-exporting nations appear to have increased their production.

However, he said, reported production from domestic refineries has been below normal rates. "Where did the crude oil go? It appears that some crude oil was being stockpiled," he said.

Mr. Dougherty cautioned that his conclusions were based only on analysis of publicly available information. The U.S. Department of Energy, which has data from each oil company, had not turned over that information to the FTC, he said.

Statistics by the International Energy Agency showed deliveries of crude oil into the U.S. during the first quarter of 1979 to be almost 3.5 per cent greater than during the same months last year.

"These numbers strongly suggest that curtailments in Iran did not prevent imports from arriving in the U.S. at near-normal rates," he said.

Canada delays choice of fighter aircraft

By Victor Mackie in Ottawa

The Progressive Conservative Cabinet is expected to delay a decision on the C$2.3bn (£942m) fighter aircraft programme by up to eight weeks, according to Mr. Allan McKinnon, the Defence Minister. The previous Liberal Government planned to sign a contract for 130 to 150 aircraft next October.

The Liberals had narrowed the competition to two aircraft—the General Dynamics F—16 and the McDonnell Douglas F—18A. Final contract talks have been completed with both companies

Mr. McKinnon is interested in purchasing 78 Grumman F—14 fighters secondhand from Iran. The F—14 is among the most sophisticated and costly fighters in the world. The Defence Minister has said he would like to get the Grumman F—14s for North American defence and 60 F—18s for Europe. The Iranian F—14s are available for between C$10-12m each. The Canadian air industry is reportedly concerned at the idea because it might reduce the business they had hoped to get from the new fighter programme.

'$12bn over-estimate' in cost of missile

BY OUR WASHINGTON CORRESPONDENT

THE RATIONALE of the new MX mobile missle system, approved by President Carter last week, is thrown into question by a $10 to $12bn Government over-estimate of the cost of an alternative option—adapting existing Minutemen missiles to moveable launchers.

This is the claim made by Senator Mark Hatfield, who said he forwarded evidence of the over-estimate, contained in a library of Congress report, to the White House several days before Mr. Carter gave the MX system the go-ahead last week.

While approval of the MX is considered likely to rally some conservative support in the Senate for the new SALT II agreements, liberals such as Senator Hatfield and Senator George McGovern, and opponents of Government spending such as Senator William Proxmire, have warned that the MX, estimated to cost $30bn, may jeopardise their support for the nuclear arms treaty with Moscow.

Mr. Zbignlew Brzezinski, the President's Security Adviser, said over the weekend on television that the MX decision ensured that the U.S. would not drop behind the Soviet Union in nuclear weaponry. The purpose of a mobile system is to complicate the Russian task of targeting their missiles on the U.S.

Senator Hatfield, a man on the liberal wing of the Republican Party, said the basic flaw in the air force study of the mobile Minuteman option was to estimate that 12,000 shelters would be needed to house Minuteman, but only 4,500 launch points would be needed for some 200 MX missiles.

IVECO financing

C.I.T. FINANCIAL SERVICES, a subsidiary of C.I.T. Financial Corporation, has signed an agreement with IVECO Trucks of North America to handle the financing of diesel-powered Magirus trucks in the U.S., Reuter reports from New York. IVECO, jointly owned by Fiat of Italy and Klockner-Humboldt-Deutz of West Germany, is the exclusive U.S. distributor for Magirus trucks made in West Germany.

Sandinistas promise to return

BY WILLIAM CHISLETT IN MASAYA

"WE'LL BE BACK," whispered a youth from a doorway in the small Nicaraguan town of Masaya as troops patrolled the streets after recapturing it from guerrillas fighting to overthrow Gen Anastasio Somoza, Nicaragua's President.

The same people who last weekend supported the teenage guerrillas were cleaning up the town yesterday under the watchful eye of the National Guard.

Masaya, only 20 miles south of the Nicaraguan capital (where heavy fighting was reported yesterday) fell to government forces at the weekend, after four days of heavy fighting. The loss of life was high, but the exact number is not known. Most of the bodies had been burned by the time correspondents were allowed in.

It now appears only a matter of time before troops move into the other guerrilla strongholds in the north.

There is an uneasy atmosphere in Masaya. The streets have been cleaned of thousands of smashed bottles (many used for Molotov cocktails), ripped-up paving stones, overturned and burned-out vehicles and hundreds of broken electricity cables.

Apart from some shooting between guardsmen and guerrilla snipers, Masaya has returned to something approaching normal. But there is no electricity or running water.

When I first came into Masaya, several hundred youths were patrolling the streets, firing an odd assortment of weapons in an unorganised fashion towards the guard barracks. For four days they tried to take the barracks, but their firepower was no match for the National Guard, whose aircraft also pounded the town.

The opposition newspaper, La Prensa, has not appeared since last Thursday, when the state of siege became effective. The government-controlled television continues to speak of "calm" reigning in the country.

AP-DJ adds from Managua: The U.S. embassy was evacuating the wives and children of embassy staff yesterday, as heavy fighting raged in Managua.

Roldos sets tone of participation in Ecuador

By Sarita Kendall in Quito

ECUADOR'S President-elect, Sr. Jaime Roldos Aguilera, has set to work already, two months before the military junta is scheduled to hand over power on August 10. Sr. Roldos last month began a gruelling round of the country's 20 provinces to discuss local problems with municipal councils, trades unions, chambers of commerce and peasant organisations, setting the tone for a government of participation.

The size of Sr. Roldos's majority—he took more than 68 per cent of the vote—is however, a double-edged sword. Though he has a clear mandate for social and economic change, his popularity will evaporate quickly if he is hemmed in by Conservative opposition and economic limitations.

The President-elect said after the vote that his first step would be to set in motion fundamental changes, attacking the "oligarchic, semi-feudal and dependent structures of Ecuador as a whole, not bit by bit nor just with palliatives."

Some Right-wing business groups have shown they will resist such changes strongly, while the more progressive sections — including many foreign investors—are all in favour of a modernising influence. But the majority are waiting to see what happens during the first months of the new Government before committing themselves to any large projects.

Sr. Roldos has done his utmost to convince the private sector that he intends to provide maximum stability for long-term investments, and despite the populist origins of his party, he has shown little tendency towards populist gestures.

His analysis of the changes needed in Ecuador is sober and he speaks of initiating a process, not performing miracles. With oil exports dropping steeply over the next five years there will be little opportunity for miracles during this Presidential term, and financing public sector projects is going to be a headache.

A study by the national planning department which outlines a strategy for development up to the year 2000, reflects—consciously or unconsciously—the thinking of Sr. Roldos and his Vice-President, Sr. Osvaldo Hurtado. It puts forward some discouraging figures: the volume of crude oil exports will decrease to practically zero in 1984 because of soaring local consumption and lower production, and though high prices will compensate for the fall in earnings this year, from 1980 on these will drop too.

As a result total exports will remain at about $1.5bn, with industrialised exports steadily increasing their share. But the demand for imports, especially intermediate and capital goods, will not slacken.

Unless foreign borrowing is strictly controlled, the study forecasts that Ecuador's foreign debt could be more than $5.3bn after five years compared with nearly $2bn now. It also highlights the trend towards an increasing concentration of wealth, in both personal and regional terms, despite high economic growth rates and heavy spending on social and physical infrastructure since crude exports began seven years ago.

Among the priorities for setting Ecuador on a distribution-oriented development path, the planning study singles out a major oil and gas exploration programme, big emphasis on agricultural marketing and land reform, a change from oil fuels to water power in the energy sector, and support for industries which create large numbers of jobs, use local raw materials and generate exports. In the future, it suggests a complete revision of state subsidies, particularly hydrocarbons and foodstuffs.

Though there are bound to be immediate confrontations in areas such as land reform, Sr. Roldos has also made it clear that resources for improving agricultural productivity will be generous, if, as he promises, the rules of the game are clearly defined from the start, they should help subdue fears of arbitrary takeovers.

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Japan pays out insurance claims on N. Korean debts

BY RICHARD C. HANSON IN TOKYO

IE MINISTRY of International ·ade and Industry (MITI) has ıce the end of last year been ying out small amounts in port insurance to some small d medium-sized companies ced with difficulties resulting om the failure of North Korea pay its bills.

MITI declined to say how ıch or to which companies the port insurance has been paid, t said the Ministry is was just a fraction of the estimated Y80bn that North Korea owes Japan for plant and equipment ordered in the early to mid-1970s.

In prinicple, MITI's agreement to pay out export insurance would indicate that it considers the defaulting party to be virtually bankrupt and that economic ties should be severed. In fact, MITI does not consider this to be the case, and the payments have only been made to Japanese companies which are having financial problems.

The payments were made as prolonged negotiations on the repayment of North Korean debts continue—Mr. Bang Ki Yong, the president of the Foreign Trade Bank of North Korea, is expected to arrive in Tokyo shortly for talks.

North Korea asked Japan in December 1976 for a moratorium on the payment of its trade debts. Japan agreed to a two and a half year delay, but Pyongyang defaulted again last year. Even so exports from Japan to North Korea have continued, amounting to $180m in 1978.

MITI will probably find that others holding bad debts with North Korea will now line up to get payments on export insurance. MITI appears to be hoping that in their negotiations with private bankers and businessmen the North Koreans will agree to make some payment to defuse the situation.

The Japanese Government, which has no formal ties with North Korea (relations are maintained through a private association) may be anxious to keep what relationship it does have intact. North Korea is considered to be a natural in the strained relations between the Soviet Union and China.

Australia has May surplus of A$186m

CANBERRA — Australia's trade surplus in May widened to A$186m (£100m) from A$32m in May last year, according to the Statistics Bureau.

The Bureau said exports were valued at A$ 1.504bn, up from A$1.042bn a year earlier, while imports were valued at A$ 1.318bn, up from A$1.020bn. Imports are on the basis of value for duty for customs purposes, excluding freight and insurance.

The trade balance showed a surplus of A$343m for the 11 months ending May compared with a surplus of A$966m for the corresponding period a year earlier.

Exports earned A$13bn, up from A$11.2bn, while imports cost A$12.5bn, up from A$10.1bn. AP-DJ

Salen orders rigs

Salen Energy, a subsidiary of the Salen Shipping group of Sweden is placing orders worth about SKr 250m (£28m) with the Gotaverken Arendal yard in Gothenburg for two offshore drilling rigs of the jack-up type, writes William Dullforce from Stockholm. The rigs will be used in the Gulf of Mexico where Salen is already operating two jack-ups. They will be delivered at the end of 1980 and beginning of 1981.

Manufacturers prepare for 'commuter' aircraft boom

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SHORT BROTHERS and Harland, the Belfast-based aircraft manufacturer, has won orders for five more of its Series 330 "Commuter" airliner, bringing total sales of this 30-seater to 41 aircraft, worth more than £40m. from 12 airlines.

The new orders are all from the U.S.; Mississippi Valley Airlines, a local service operator, has ordered three of the 330s. Chautauqua Airlines, of Jamestown, New York, has ordered a third aircraft, while Henson Aviation, of Hagerstown, Maryland, has converted an option into a firm order, bringing its fleet to three.

Meanwhile it was revealed at the Paris Air Show yesterday that Fokker, the Dutch aircraft manufacturer, is to continue production of its popular F-27 twin-turbo-prop feeder-liner through the 1980s.

Preparations are in hand for a considerable step-up in the rate of production to meet surging demand for the F-27.

This will bring good business to Rolls-Royce, for two of its Dart turbo-prop engines power each F-27, while many other parts of the aircraft and its systems are supplied by UK companies.

One factor behind the F-27 development is the recent civil aviation deregulation Act in the U.S., which now enables "commuter" airlines to operate larger aircraft, seating up to 56 passengers or 18,000 lb payload weight.

With a capacity of 40-56, or payload capacity of 13,500 lb, the Fokker F-27 is regarded as one of the main candidates to fill what is seen as a rapidly growing market.

Another result of the Act, and the growth of the commuter market, is that an increasing number of manufacturers are developing aircraft especially for it.

Beech, one of the world's biggest builders of light transport aircraft, announced at the Paris Air Show that it intends to build a 19-passenger aircraft, the Beechcraft 1900.

Orders are now being booked, and deliveries are scheduled for 1983. Studies are also under way at Beech for an additional, larger airliner, seating up to 25 passengers.

UNCTAD 'anything but a failure'

By Frank Gray

IN SPITE of an agenda that was "too long and too diffuse," the recent UN Conference on Trade and Development in Manila was "anything but a failure."

Mr. Cecil Parkinson, Britain's Minister for Trade who led the British negotiating team at the month-long talks, acknowledged that many countries attending the talks "went there with too-high hopes, and they must have been disappointed."

Nevertheless, Britain's objective was to persuade developing countries of their common interest with the developed nations "in maintaining and strengthening—not in overturning—the existing international arrangements for co-operation on trade and financial issues."

He said Britain had won support from many of the Group of 77 developing countries for its call for international support for the recent Tokyo Round trade agreement.

The Tokyo Round talks "were seen as a way to resist protectionist pressures on the Governments of developed countries and not as a way of pandering" to these pressures, Mr. Parkinson said.

ıp orders rise sharply

BY YOKO SHIBATA IN TOKYO

:PORT ORDERS for 36 ships rth Y130bn (£284m) were ɔked by Japanese shipilders in May, according to · Japanese economic journal ɔon Keizai Shimbun. The ual figure for May will be ıounced at the end of this ek by the Japan Ship porters' Association. But if preliminary estimate is rect, export orders in May ounted for nearly one-third the total export orders ked in fiscal 1978 (totalling 34bn) and the record high ce 1976.

hip export contracts have un to edge up since the n of this year; January's ort orders stood at 11 ships th Y37.6bn in value, folled by 9 ships worth Y31.3bn February, 16 ships worth .8bn in March and 2 ships th Y12.2bn in April. The rp increase in May was tly attributed to a rush contracts ahead of the impending enforcement of stringent tanker safety regulations by the Inter-governmental Maritime Consultative Organisation (IMCO).

Recent export orders include several 80,000 dead weight tons class tankers. Most shipbuilders are reported to have two or three such vessels on their order books.

According to industry officials, the upturn of export orders reflects the recovery of export prices. Prices for 80,000 dead weight tons class tankers were quoted as high as Y5,600m to Y5,700m in May compared with Y4,000m in February. The sharp recovery of prices (up 20 per cent in three months) is attributed in part to the 35 per cent curtailment of Japan's shipbuilding capacity, carried out to rescue the industry from the prolonged recession. As a result of the capacity cuts shipyards now have their hands full with new building orders.

Singapore picks GE engines for Airbus

BY OUR SINGAPORE CORRESPONDENT

SINGAPORE AIRLINES (SIA) has selected the General Electric CF6-50C2 engine to power its Airbus A300.

Six of these aircraft have been ordered from Airbus Industrie for delivery between January 1981 and March 1983 while another six are on option for delivery from February 1984.

The A300 will be powered by two of these engines, each delivering 52,500 lb of thrust. The cost of the engines, including spare engines, for the six aircraft already on firm order is $47m.

SIA commented that the other contender, the Pratt and Whitney JT9D-59A engine, is fairly comparable to the General Electric engine in terms of fuel consumption, engine reliability, and overhaul and maintenance costs. But what swung it in favour of the General Electric engine are firstly, the 900 kilogramme weight advantage of the General Electric engine and secondly, its widespread use on A300 aircraft in this region. These factors will enable SIA to enjoy a greater payload on vital routes.

Nippon Steel talks in Peking

OKYO—Mr. Eishiro Saito. sident of Nippon Steel has here for talks in Peking reactivating a $1bn export tract for equipment to be alled at a new steel factory Paoshan, near Shanghai. Saito will meet officials of China National Technical ort Corp. to discuss contract ns, including finance, a pon steel spokesman said.

he contract, one of about 22 anese industrial plant conts worth a total of nearly bn suspended by China last ruary, is expected to be reactivated next week, he added.

The spokesman refused to disclose terms now being discussed, but Japanese industry officials said both sides appeared to have reached broad agreement on a deferred payments formula, half in yen and half in dollars, at an annual interest rate of 7.25 per cent with a 15 per cent down payment.

Last week China reactivated three Japanese contracts, for ammonia manufacturing factories and an aluminium smelting plant, worth $280m. Reuter

50% rise in Swiss testing group's turnover reported

Y BRIJ KHINDARIA IN GENEVA

ete Generale de Surveillance S), the Geneva-based ection company, has eased its turnover by 50 per in five years to r 437m (£122m) in 1978 pared with SwFr 286m m) in 1973. The company declared a dividend of r 100 per share compared SwFr 90 in 1977 and r 65 in 1974.

he turnover last year was htly down from SwFr 469m 1977 because of the franc's reciation against foreign rencies.

hese details are disclosed in eport on SGS by a leading ate bank Pictet et Cie. It e first bank report on the ate company, the largest ection group in international trade.

GS was established at en, France, in 1878 and rates through six divisions dealing with a separate of inspection.

he main functions are to ect quality, weight and dards for clients buying ds including grain, minerals, cessed food, industrial ipment and petrochemicals.

GS handles administrative customs formalities, transt, supply and despatch planz and handling of all stages commercial transactions.

bout 70 per cent of SGS's ıover comes from Europe, re it is hired by corporas wishing to ensure that goods are up to the standards and specifications stipulated in purchase contracts.

About 6.5 per cent of the business comes from North America, 7.8 per cent from South America, 8.9 per cent from Australasia and the Far East, and another 6.5 per cent from Africa and the Middle East.

A recent development is that SGS is inspecting goods exported to developing countries from the West, instead of the traditional pattern under which SGS inspected Western imports from poorer nations.

The most prominent example of this development is a multi-million dollar contract awarded to SGS by Nigeria last year under which the company inspects ever aspect of almost all of Nigeria's imports including price provisions. Exporters had complained that SGS inspection procedures are delaying business transactions.

Pictet et Cit predicts that SGS, which is owned by a handful of wealthy shareholders is likely in the long run to "take up the option of opening up further to the public." SGS's share capital is valued at SwFr 12.5m, made up of 62,500 shares each with a nominal value of SwFr 200.

The bank thinks that the intrinsic value of each share is more than SwFr 3,000. This compares with the latest fiscal rate cited by the banks as SwFr 1,550.

Knitwear makers urged to buy new machinery

BY RHYS DAVID

TAIN'S KNITWEAR manuurers are urged to improve r export performance and up investment in new hinery in a report by the n union representing the or to its annual conference.

xports by the industry eased last year by £14m £286m but imports rose by m increasing the sector's le deficit to £50m. Employıt during the year dropped around 3,800 to 115,000.

he National Union of Hosiery Knitwear Workers, comnting on these figures, ns manufacturers that unless rts are made to find new kets in Europe and other ts of the world, employers I employees will diminish number and it urges all its nbers to ask management in ir individual companies what doing to remain competitive Europe.

he report draws attention National Economic Developnt Office (NEDO) sector king party finding which wed that the UK employed one-quarter of the EEC knitting labour force but had only 5 per cent of EEC exports to the major developed countries.

It also complains that efforts to discuss the sector working party work at local level have been frustrated by a lack of co-operation and response from employers.

Mr. Harold Gibson, the union's president, in a separate address yesterday called for mergers among textile unions to enable services to members to be improved. Mr. Gibson, whose own union represents around 73,000 workers, said it was doubtful if unions with small or medium sized memberships could survive in Britain over the next 10 years.

● The Clothinga nd Footwear Institute, a new body to represent the two industries has ben created by a merger of the Clothing Institute and the British Boot and Shoe Institute. The new organisation, which will be based at Hendon in London, will represent a total of 7,000 companies and individuals.

Oil vessel order may go to Finland

By Ray Perman, Scottish Correspondent

AN IMPORTANT order for a technologically advanced oil maintenance and emergency vessel is almost certain to go abroad, probably to the Rauma Repola yard in Finland.

Shell and Esso are ordering the semi-submersible vessel for their North Sea fields and will announce in the next few days who is to build it.

Tenders of about £70m have been received from two British yards, Scott Lithgow, on the Lower Clyde, and Harland and Wolff, Belfast: but bids of about £40m have been put in from yards in Finland, Holland, West Germany and Japan.

Guarantees

The overseas yards have also offered guaranteed delivery schedules of two years or less. The British yards would take three years to build the vessel.

Rauma Repola has a good reputation for building semi-submersibles and is close to the North Sea, allowing delivery costs to be kept low.

A deputation from Scott Lithgow, led by Mr. Dickson Mabon, MP for Greenock, and Mr. Ross Belch, the yard's managing director, yesterday told Mr. Hamish Gray, the Energy Minister, that neither British yard could hope to win the order unless the Government was willing to subsidise its price against the foreign competition.

Mr. Gray indicated that the Government was unlikely to consider bridging such a large price gap and that he was unwiling to intervene in a commercial decision by the oil companies.

Technology

The order is only the second for this type of vessel for the North Sea and is likely to be followed by several more from other oil companies.

Yards around the world are anxious to learn the technology involved now, to be in a good position to win future work .

Scott Lithgow secured the contract to build the first oil support vessel for BP, but only after strong pressure by the last Government to ensure that the work was done in Britain.

Olympics visit is top prize

By James McDonald

A 17-DAY visit to Moscow for the 1980 Olympics is the first prize being offered to the "newspaper delivery boy, or girl of the year" and their parents, in a campaign announced in London by the Newspaper Publishers Association.

The campaign is designed to increase home deliveries of newspapers. "We are one of the few nations in the world which still has home deliveries," said the NPA.

Apart from newspapers, newsagents and their delivery boys and girls, are being asked to deliver leaflets asking householders to take a regular delivery of magazines and periodicals.

Portable televisions, track suits, cash prizes, sports bags and books—all with the 1980 Olympic motif, are also included in the prizes.

Newsagents will receive entry forms for their delivery boys and girls, in September.

Top civil servants warned of letter bombs' danger

BY MAURICE SAMUELSON

SENIOR civil servants have been told to take care with their mail following the discovery in Birmingham yesterday of two letter bombs containing deadly amounts of high explosives. On Friday four people were injured in Birmingham by letter bombs. On Saturday a letter bomb exploded in a postman's mail-bag near the house of Mr. Justice Mais, at Streatley, Berks.

The two unexploded bombs were in brown manila envelopes measuring 12 inches by nine and bearing the words: "If undelivered please return to Pearl Assurance." Both had Northern Ireland 9p stamps on them but may have been posted in the Birmingham area.

They were discovered in Birmingham's main sorting office. They were addressed to senior civil servants, one in London and the other Guildford, Surrey. Police said particular care should be taken by civil servants listed in "Who's Who," regardless of where they lived.

West Midlands CID said there was no obvious connection between the two addresses of the unexploded letters and Ireland. No-one had yet claimed responsibility for them. However the Provisional IRA was a possible suspect.

Old envelopes

Pearl Assurance said the envelopes containing the bombs were of a type no longer used by the company. They gave the address of the company's head office in High Holborn, London, where 1,200 people are employed, and would not have been available at another office.

Three of the bombs which exploded in Birmingham on Friday went off in the city's central sorting office in Severn Street, one of the biggest in Europe. The police appealed to the public not to post mail to and from the Birmingham area until tomorrow while they examined more than 1m other letters and 150,000 parcels held up during the sorting office's closure.

Scotland Yard has advised the public to:

- Beware of bulky packets or parcels;
- Check postmarks of all mail;
- Leave suspicious letters or parcels aside; and
- Call the police if in doubt.

Euromarket control 'threat to stability'

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

INTERNATIONAL EFFORTS to apply controls to the Eurocurrency markets carry with them grave risks for global financial stability, Mr. Walter Wriston, chairman of Citicorp, warned yesterday.

Today's efforts by some governments to apply reserve requirements or other controls were only intended to mute the market's response to wide differences in domestic economic policies, Mr. Wriston told more than 100 senior bankers at the International Monetary Conference in London.

"The very fact that the Eurocurrency market has been free has enabled it to act as a safety valve to the financial tensions and pressures inflicted by varying monetary and fiscal policies and such shock events as the OPEC oil price increases."

Mr. Wriston told the delegates—the chief executives of the world's largest commercial banks—that in the Euromarkets technology has combined with finance in a new and unique way that makes obsolete some of the old ideas of compartmentalised national markets.

"No one designed them, no one authorised them, and no one controlled them. They were fathered by controls, raised by technology and today the yare refugees from national attempts to allocate credit and capital for reasons which have little or nothing to do with finance and economics."

The market's strength, resilience and depth has confounded its critics and surprised even its supporters, he said. "The Eurocurrency market proved conclusively that, although the world may still be divided politically, it is one economically and financially."

The creation of the Euromarket amounted to "a quantum jump" in the efficient channelling of the world's capital flows. Some governments did not like this, arguing that the very efficiency of the system undermined or complicated national monetary policy. Behind this lay the complaint that the existence of a free market disciplined governments when they engaged in over-expansionary policies.

Mr. Wriston said the old discipline of the gold standard had been replaced by the discipline of the communications revolution. "While the new control is not as harsh as the old automatic adjustment of gold shipments, it is in the end almost as certain. It is the successor to the Bretton Woods arrangement, with its pegged rates, where the market place punished overly inflationary countries through the loss of reserves.

"If governments and central bankers now intervene more actively to control international capital markets, it cannot be doubted that another fruitful source of political conflict among governments will thereby be opened up—along with the negative effects of such intervention on the economic efficiency of these markets."

Accountancy hearings

BY MICHAEL LAFFERTY

AT LEAST 30 organisations and individuals have given notice that they will appear at the UK accountancy profession's first public hearings on accounting standards next month.

The hearings will be held in Glasgow on July 5, in Dublin on July 11, and in London on July 19 and 20. At present it is expected that there will be six speakers at the Glasgow and Dublin hearings and 18 appearing over the two days in London.

The hearings are intended to help in reforming the accounting standard-setting process, which at present is wholly controlled

Surprisingly, the Stock Exchange is to send a speaker to the London hearings. The Exchange has come under attack in the accountancy profession in recent months for failure to enforce accounting standards on quoted companies.

Managers disagree over EEC impact

British managers see the growing integration of Europe as having a major impact on their companies and country, while their German counterparts see it as having little or no effect, according to a survey of European managers.

Nearly eight out of 10 British managers surveyed believed the growing unification of Europe would have important long-term repercussions for their companies. In marked contrast, seven out of 10 German managers thought it was of little or no importance.

The survey, which was carried out in France, Belgium, Netherlands, West Germany and the UK, showed German managers to be consistently less impressed by the impact of the growing unification of Europe than the other four.

Economy

Ninety-four per cent of the French managers believed that a growing Europe was good for their national economy. This view was shared by 86 per cent of both Belgian and Dutch managers, by 75 per cent of the British and 60 per cent of the Germans.

A similar pattern of opinion emerged over the importance of the elections to the European parliament. More than 90 per cent of the French and Belgians saw the elections as important, compared with 65 per cent of Germans.

The managers were also asked what concerned their companies most over the continuing process of European unification. There was almost unanimous agreement that EEC legal regulations and technical standards were the biggest problems.

European Election Special, Eurosurvey, 43-44 Albemarle Street, London W1.

Management urged to seize chance

MANAGEMENT must sieze the new opportunities presented by the election of a Conservative Government, Mr. John Greenborough, President of the Confederation of British Industry, told a seminar organised by the Midlands Engineering Employers' Association in Birmingham yesterday.

But he gave a warning of the difficulties companies faced in the increasingly competitive world markets.

He hoped today's Budget would offer real incentives for the risk takers.

Wasted food 'costs Britain £27m a year'

FOOD TASTED in office canteens, hospitals, schools and hotels may be costing Britain as much as £27m a year, according to a survey by M. Jean Conil, master chef and former professional caterer. He lays much of the blame on the subsidised canteen which, he claims, gives workers too much of the wrong food.

"For three years I watched piles of bread and vegetables thrown away from the canteens of a large industrial firm. The waste is incredible—and disgraceful. For every pound spent about 20p went into the dustbin," he said.

"I am convinced that the British system of subsidising industrial and school canteens is largely to blame. We could cut waste if people had to pay a more realistic price for their means."

Rolls-Royce signs deal to make Airbus engines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

in future be able to order the European A-300 Airbus, and its smaller version, the A-310, with Rolls-Royce RB-211 engines. Hitherto, both aircraft have been available only with the rival General Electric or Pratt and Whitney engines from the U.S.

This is the result of a Memorandum of Understanding signed at the Paris Air Show yesterday by Sir Kenneth Keith, chairman of Rolls-Royce, and Mr. Bernard Lathiere, president of Airbus Industrie, the European group building the A-300 and A-310.

The agreement allows the two companies to work out performance specifications for the Dash 524 version of the RB-211 engine in both the A-300 and A-310. Work will include design of an engine-wing pylon mounting for the RB-211 on the Airbuses, together with wind tunnel testing.

The Dash 524 version of the RB-211 is already in production for Boeing 747s and Lockheed TriStars. The model intended for the Airbuses, the 524D, will be ready by March, 1981. It will have a thrust of up to 53,000 lbs.

The decision to go ahead with the RB-211 on the Airbuses stems from requests from several potential customers for that engine-airframe combination. Mr. Lathiere said the new agreement would result in further substantial sales of Airbuses.

So far, orders for the Airbuses and at 346 aircraft (219 firm orders and 127 options), of which 239 are for the A-300 (167 firm and 72 options) and 107 for the A-310 (52 firm and 55 options). The A-300 is already in service, and the A-310 is due to enter service in 1983.

Mr. Lathiere said that Airbus Industrie could foresee total orders from its 28 customer airlines rising to at least 550 aircraft.

"Since we don't intend to stop obtaining new customers, it is clear that we will sell over 1,000 aircraft for the first time in the history of the European aircraft industry. Even our competitors credit us with an estimated 1,400."

He said the A-300 and the A-310 would remain in service well beyond the year 2000. "We are talking of a production and operating life of some 30 or 40 years," he said.

Mr. Lathiere said Airbus Industrie (in which British Aerospace has a 20 per cent stake), intends to raise production of the Airbus. "We reached a rate of two aircraft a month six months ago. Our target is eight a month by 1983."

The decision to put the Rolls-Royce RB-211 engine on the Airbuses will involve British Aerospace, which is responsible for design, development and production of the wings for all the A-300s and A-310s.

It also means that Rolls-Royce will have a stake in both the U.S. and European "new generation" jet airliners. The RB-211 in its 535C version is already on offer to airlines in the new Boeing 757 twin-engined short-haul jet, which is a competitor to the A-310.

Ashley Ashwood

Mr. Bernard Lathiere, president of Airbus Industrie, has shaped one of the biggest success stries in European civil aviation, as orders for the A-300 Airbus continue to rise. He forecasts total sales of over 1,000 Airbuses through the 1980s and beyond.

Go-ahead for modernisation at Aldergove Airport

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT gave the go-ahead yesterday for the second stage of a £17m redevelopment programme at Aldergrove Airport, Belfast. Mr. Philip Goodhart, Northern Ireland Environment Minister, says the plans to double the size of passenger facilities would proceed in spite of the constraints on public expenditure.

The second phase of the modernisation will cost £8.5m. Work will start in the spring of next year. The redevelopment programme is being grant-aided by the Northern Ireland department of the Environment and by the European Regional Development Fund.

The first part of the scheme, which was begun last year, will be finished by early 1980. Urgently needed work on the aircraft pavement area and on a new taxi way to the main runway has already been completed. Improved ground and lighting and landing aids to make the airport less vulnerable to closure because of poor weather are being installed. Work has also started on a new car park.

The second phase involves passenger facilities. The present terminal building will be doubled in size. A new pier will be built to handle both domestic and international traffic. It will be able to handle the increasing number of wide-bodied aircraft using Aldergrove. The temporary huts at the terminal which are used mainly for searching passengers as a security measure will be replaced with modern security facilities.

Mr. Goodhart says his decision to approve developments under the present very stringent financial circumstances was a sign that the Government recognised Aldergrove's vital position in Ulster's infrastructure. It could make a significant contribution to the future economic growth of the province.

- Northern Ireland Airports yesterday reported pre-tax profits for 1978-79 of £404,877 as against £96,893 for the previous year. The director said the profit increase, while gratifying, had to be measured against the future capital requirements. Although the redevelopment would receive grants the company would still have to provide £4m towards it.

Navy may lay up older ships because of manning troubles

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE ROYAL NAVY may have to lay up some of its older ships, such as Tribal Class frigates, because of a shortage of skilled manpower.

The Ministry of Defence said yesterday that it was studying manpower problems in the Navy arising from the loss of skilled personnel in recent years through dissatisfaction with pay levels.

These were improved recently, when the Government raised pay by 32 per cent to full comparability with civilian life and promised to maintain comparability in future.

But it is stressed in the Navy that it will take time for the effects of the pay rise to work through and for the service to recruit and train skilled sailors and shore-based personnel it needs.

In the meantime the manpower shortage, especially of officers of all skills and mechanics, artificers, and leading seamen, will remain acute.

Suggestions that the shortage of skilled manpower may lead to laying-up temporarily such vessels as the guided missile destroyers Kent and London and the helicopter cruiser Blake were not confirmed in Whitehall yesterday.

Central borrowing falls to £1.23bn

FINANCIAL TIMES REPORTER

BORROWING by central government is estimated to have been £1.23bn last month, compared with £1.71bn in May last year.

Official spending and revenue figures released yesterday suggest that the major distortion in the "April" figures resulting from the effects of industrial action may now have largely worked their way through.

In April, central government borrowing of £1.25bn was nearly three times higher than in the same month of 1978. VAT receipts held up by the civil service dispute and different patterns of borrowing by state corporations were blamed.

There may have been some catching up in May, but it is difficult to conclude very much from the figures yet, in the absence of any Budget projections.

Over the first two months of the financial year, borrowing amounted to £2.55bn compared with £3.16bn in the same period. general view—likely to be confirmed in to-day's statement—firmed in to-day's statement—that on present policies borrowing is at a higher level than last year.

Revenue

In the Consolidated Fund—the account through which most central government receipts and payments go — revenue amounted to £3.9bn in May, an increase of almost £1bn on the corresponding period last year. Within the total figure, Inland Revenue and Customs and Excise receipts were respectively £451m and £295m up.

For the first two months of the current financial year the increase in total revenue is £870m, or 14 per cent, from £6.4bn to £7.2bn. Inland Revenue receipts in the two months are £578m higher.

On the expenditure side, the May total of £4.9bn shows an increase of £561m on the May 1978 figure. The total for April and May shows an increase of £796m, or 10 per cent, from £8.2bn to £9bn.

New lending from the National Loans Fund, the account used for transactions with nationalised industries and local authorities, was £266m for May, a decrease of £133m compared with the same month last year.

The Electricity Council made a net repayment of £27m compared with a net borrowing of £277m in May 1978; on the other hand borrowing by local authorities increased by £145m. For the two months of the current year net lending was £443m more than in the same months of 1978.

Beer production below 3.2m barrels in April

Financial Times Reporter

BEER production in the UK in April was down 2 per cent from the same month last year, the Brewers' Society has reported.

The society said the fact that Easter fell in April this year was largely to blame for the decline but added that the beer trade has lacked buoyancy throughout this year.

The brewers warned the Government that any addition to duty and VAT in the Budget would further reduce sales, and therefore production.

Just under 3.2m bulk barrels of beer were brewed in the UK in April, a decline of almost 66,000 (nearly 19m pints) from April last year. Production in the first four months of 1979 was 12.24m bulk barrels, 0.4 per cent down from the same period last year.

Why Crown Agent's life style went unchecked

THE LIFE-STYLE of the late Mr. Bernard Wheatley, former Crown Agents money market manager, was the subject of questions yesterday at the tribunal investigating Crown Agents' losses of more than £200m after its involvement with secondary banking and property.

Mr. Alan Challis, former head of the agent's financial directorate, agreed with Mr. Robert Gatehouse QC, for the tribunal, that he had not exercised proper control in monitoring the performance of Mr. Wheatley, who had sole discretion and power to grant secured and unsecured loans running into millions of pounds.

At the time of his death, in 1977, Mr. Wheatley had been committed for trial on corruption charges.

Mr. Challis said the failure to monitor Mr. Wheatley's performance "is a failure of mine and is not necessarily a failure of the system. There was no incident which occurred such as a loan going wrong which led me to suppose there was any fundamental defect in the control system."

Mr. Gatehouse: You can have a fundamental defect in the system which, by luck, does not result in a loss.

Mr. Challis: I am not saying there was not any fundamental defect in the system. There was never any reason for me to suppose there was a fundamental defect. But I accept responsiblity for the fact that I did not detect there were failures to monitor the money market managers adequately.

He accepted that there was a fundamental lack of communication between himself and his immediate subordinates. He left department heads to get on with their jobs

And in answer to Mr. Gatehouse he agreed the question of communication was important and fundamental to the inquiry.

Mr. Challis said he did not trust Mr. Wheatley's judgment and that when he left the Crown Agents in 1973 he told his successor to keep a watchful eye on Mr. Wheatley.

He knew Mr. Wheatley had taken an extremely expensive flat which cost about one third of his salary, but he did not know that Mr. Wheatley was also running three cars.

Mr. Challis said that on two occasions he had tried to have Mr. Wheatley moved out of his job. The first time was "because I found him undisciplined

The hearing continues today.

Hard line on safe furniture

Financial Times Reporter

TOUGH SAFETY requirements are contained in draft regulations covering the fire hazards of upholstered furniture published by the Government yesterday.

Mrs. Sally Oppenheim, Consumer Affairs Minister, has asked trade and professional associations and others to comment on the proposed regulations, which will be introduced under the 1978 Consumer Safety Act.

The regulations will require all unholstered furniture to be resistant to smokers' materials. During an interim period before the regulations become fully effective furniture that does not meet the safety requirements will have to carry a warning label. The timing of the introduction of the regulations will be decided in the light of comments on the proposed requirements.

Raybeck to sell and lease back half Bournes site for £17m

BY TIM DICKSON

RAYBECK, the fashion retailer and manufacturer which last September paid £11.3m in an agreed takeover of Bourne and Hollingsworth, is making arrangements to sell and lease back half the Oxford Street site for about 17m.

The company originally bought only the 99-year lease of the Bourne and Hollingsworth site but it subsequently paid a further £750,000 for the freehold interest.

The buyer of the 50 per cent freehold stake is understood to be a leading Scottish life assurance company which will receive about £900,000 a year under the proposed deal.

Mr. H. Davies, joint managing director, explained yesterday that Raybeck was anxious to retain a half-share in the freehold of the island site. "We want to participate in any redevelopment which might take place in future. That part of Oxford Street is now beginning to hum and the way property values are going at the moment the site may one day be priceless."

He said there were no immediate plans to spend the proceeds, which would be placed in the money market. "We will probably remain quite cash orientated for a period."

As well as changing the name of the store to Bournes, Raybeck has recently been granting concessions to specialist retailers, including W. H. Smith, to run various departments

Bid to save bacon factory

BY OUR SCOTTISH CORRESPONDENT

LORD MANSFIELD, Minister of State at the Scottish Office, is to meet Unilever tomorrow to discuss ways of keeping open the company's Lawsons of Dyce subsidiary, where 600 jobs are at risk. The factory, near Aberdeen, cures bacon and processes other meat products.

Lord Mansfield said yesterday that the Government was doing all it could to save the jobs and provide a continued outlet for pig producers in North East Scotland. He had put a number of suggestions to Unilever, which it was now considering.

Britain could produce bacon more cheaply than either Holland or Denmark, but our prices were kept artificially high by the level of the Green Pound, he said; and European Monetary Compensation Amounts provided unfair subsidies for foreign producers.

Marquess sells books to pay Longleat bills

THE MARQUESS of Bath was at Sotheby's in London yesterday to watch duplicate books from his library being sold to help pay wages and maintain Longleat House, Wiltshire. The sale realised £322,865, or about £22,000 above estimate.

Quaritch gave the highest price—£34,000 against the top estimate of £25,000—for a copy of the first edition of Redouté and Thory's les roses, published in Paris between 1817 and 1824. Burgess bought a similar work, Les Liliacées, for £29,000. John Gould's The Birds of Europe in five volumes went to Libress, Stockholm, for £17,000 and K. Bosch, Switzerland, was successful at £14,000 for François Levaillant's Histoire naturelle des perroquets.

Icons at the same house fetched £137,130. A Greek triptych—there is a similar example in the Benakia Museum, Athens—went for £8,200 and a very large icon from the estate of Torsten Tegnér depicting the miracle of Flor and Lavr was bought by the National Museum, Stockholm, for £6,200.

English and Welsh porcelain sold well at Christie's with Springall giving £3,500 for Ridgways blue-ground part dessert service and £3,400 for a similar Spode lot; both prices were well above estimates. The sale made £57,512. A silver sale at Christie's, South Kensington totalled £28,260.

SALEROOM

BY PAMELA JUDGE

- The Grosvenor House Antiques Fair, which was cancelled last week because of a trade union picket line protest against the dismissal of a chamber maid at the hotel, may emerge in a modified form at Somerset House in November, Antony Thorncroft writes. George Levy, chairman of the fair, has written to the Department of the Environment asking for the fine rooms at Somerset House to be made available.

The cancellation of the fair will cost the 80 British exhibitors about £20m in turnover. Antiques worth £40m would have been on display and 30,000 visitors, many from overseas, would, on past experience, have bought half of them. The loss of the fair will also be a blow to the sponsors, Trust Houses Forte, which has an investment of more than £250,000 at risk.

IK NEWS

PARLIAMENT and POLITICS

Sullom Voe oil clearance work may cost £3.5m

BY MAURICE SAMUELSON

E COST of removing an oil lage at Sullom Voe, the tland Islands' terminal, at end of last year reach m. In relation to the size he spillage, 1,100 tonnes of vy fuel oil, this put it among most expensive clean-up rations carried out by the industry and the most diffi- handled by British Petro- n, the terminal's manager. he estimate has been sub- ed to Esso, whose tanker, Bernicia, drifted into a y on New Year's Eve, when e was no construction work- e on the island to help to with the emergency. Esso red to meet the cost regard- of who was responsible for incident, which also in- ed tugs belonging to the land harbour authorities. nent to farmers for damage property and livestock has ar reached £250,000.

) combat the effects of the age, BP rushed in 50 work- from Ireland and ferried umps and boomlaying craft Aberdeen on board ules aircraft and oil rig els.

e spillage, barely a month the terminal's official ing, strained relations be- n the industry and the landers because of the age to birds, wild animals sheep. A petition demand- closure of the terminal cted 3,000 signatures out of tive population of 20,000.

e industry has now laid tough measures to deter ers from discharging un- ed ballast in the Shetlands and has boosted the num- of men and equipment at m Voe to deal with future gencies.

nkers that fail to arrive leave with 35 per cent st in their tanks will not oaded. Air surveillance of oing lanes is in force and logs are subject to official tiny.

nkers are also expected to at least 10 miles from the land coasts and to signal intended course when they within 200 miles of the inal.

nti-pollution work is offi- under the control of the and Islands' Council, which ides tugs and pilotage and ased on the Sella Ness land, opposite the terminal.

BP's anti-pollution equipment at Sullom Voe includes several Komara Miniskimmers. Weighing 100 lb, they can be used by two men to mop up small oil spills in ports or inland waters. BP, which built the prototype, says that oil recovery rates of 16 tons an hour have been achieved.

But the oil industry, represen- ted by BP, provides the expertise and the special equip- ment.

The company has drafted in Mr. Frank Johnston, former manager of BP's terminal near Milford Haven, one of its most experienced anti-pollution offi- cers. He was involved in clear- ing spillages from the Amoco Cadiz and Christos Bitas (neither of which was a BP tanker).

At his disposal at Sullom Voe are a landing craft for putting ashore Land-Rovers, three Sea- pak boom-laying craft, high- speed skimming machines, and sprays and tanks of dispersant.

The company says it could now deal with almost any acci- dent, but admits there is still no dispersant on the market designed to shift heavy fuel oil like that which threatened to destroy the ecology of the Shetland beaches.

ess City ffice space nlet

Michael Cassell

STOCK of empty office in the City of London fell antially in May, according ent Richard Saunders and ers.

e findings confirm the ituation of a buoyant office ng market in the City, which seen some rents rising to over £20 a square foot. inders says a total of 00 square feet of office floor was let during May against 128,000 square feet in the ous month. The average lly figure between Decem- and May was just over 00 square feet.

e take-up meant that, at tart of June, there was an ated 1.53m square feet of accommodation available n the City boundaries. arly 200,000 square feet of pace taken off the market e attributed to the letting o major City properties— gate House and St. Dun- s House. Other significant involved Morgan House, Old Broad Street and 52 enhall Street. Banks and ance companies were the tenants.

e trend towards a higher up rate for office space was reflected last month in the e areas of the City. A of 221,000 sq ft of vacant was let in May, against y 164,000 sq ft in the pre- month. Space available ie start of this month in adjacent to the City inted to 1.62m sq ft. At tart of 1979, the figure was 2m sq ft.

hough the increase in ngs has been less dramatic in the City itself, the space available represents the st total for nearly four s. With suitable space in e locations becoming easingly hard to find and new development until ntly running at modest s, areas bounding the City ers have become more ctive. Several major space- s, including insurance com- es and banks, have been ng accommodation outside central area.

ease Brokers ssociation stablished

Michael Lafferty

lease brokers have ded to form a Lease Brokers ciation after a meeting in lon on Friday.

was attended by 23 of the lease broking firms, and those attending voted in ur of the creation of the ciation. Its first chairman is Graham Harrison, a director P. Martin Leasing.

Goodyear to cut 200 jobs in Ulster plant

BY OUR BELFAST CORRESPONDENT

THE U.S.-OWNED Goodyear company is to cut by more than 200 the 1,300-strong labour force at its Ulster industrial rubber products factory at Craigavon.

Mr. Ned Kendall, director of the plant, said the reduction was essential to make the factory viable. Longer lasting synthetic materials, the shrink- ing automotive industry, and a lull in industrial markets had created surplus capacity.

The factory would reduce the shifts worked in some depart- ments or try to economise on the services that each shift required, he said. A programme of voluntary redundancies was in operation.

The largest department in the plant was continuing to grow and that increased activity, combined with the necessary reduction, would make the plant more cost competitive.

Goodyear believes that the measures will make the com- pany commercially viable by the last quarter of this year and improve business for 1980 and beyond. A new research centre at Craigavon will be completed during the first half of next year.

Farmers want a say in Belvoir coal plan

BY JOHN LLOYD

AGRICULTURE ministers and officials should have a say in the decision to construct a mining complex in the Vale of Belvoir in north Leicestershire, accord- ing to Mr. Tom Boden, deputy president of the National Far- mers Union.

Mr. Boden said yesterday that if the National Coal Board's plans for the Vale were accepted more than 2,000 acres of farm land would be lost. The NCB's application has aroused opposi- tion from local groups, local authorities and the NFU. An inquiry into the application be- gins in October.

Mr. Boden said that in opposi- tion, the Conservatives had said that they would give high priority to the preservation of land for food production when they came to office. "I think the Belvoir inquiry, and also the now re-opened debate about the site for a third London airport, will provide early opportunities for this pledge to be honoured.

"There is no doubt that the Belvoir project must be sub- mitted to the most rigorous examination. The many farmers affected are not at all con- vinced by the evidence so far produced by the National Coal Board on such vital matters as subsidence and damage to land drainage."

New town conference attracts 24 nations

BY PAUL TAYLOR

TWENTY - FOUR countries are to send delegates to the Commonwealth New Towns conference to be held in Scot- land for five days in September.

The Conference, organised by the East Kilbride Development Corporation in association with the Commonwealth Foundation, will examine the role and potential for new town develop- ments abroad.

Three-quarters of the 24 countries which have already agreed to send delegates are members of the Commonwealth although other overseas coun- tries to be represented include Japan, France and the U.S.

The UK new town is regarded by many countries as a prac- tical example of how it should be built and there are now many similar and proposed developments abroad. East Kilbride was, in 1947, one of the first new towns in Scotland where 250,000 people live in these communities. Altogether 2.5m people live in the UK's 32 new towns.

Council freezes recruitment

NORFOLK County Council is imposing a three-month freeze on recruitment after the announcement from Sir Geoffrey Howe, the Chancellor, that the Government would be looking for cuts in local authority staff.

Mr. Michael Chaplin, the Con- servative Council leader, said that if staff leave vacancies would not be filled unless essen- tial for services, but extra teachers needed for secondary school reorganisation would still be taken on.

Howell rules out petrol rationing

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DAVID Howell, the Energy Secretary, faced a barrage of Labour protests in the Commons yesterday when he rejected demands for some system of petrol rationing or Government- imposed priorities to cope with the latest oil shortage.

Government intervention on this scale would mean the em- ployment of 2,000 extra civil servants involving expenditure of £1.5m a month, he said.

"At present levels of short- fall, this would lead at once to far more rigidity and unfairness, quite apart from the cost to the taxpayer and the economy of the necessary paraphernalia," he told his critics. "Nor would it produce a drop more oil."

Despite his decision to rely on the workings of the free market economy, it was noticeable that Mr. Howell still left himself a small loophole.

Cautiously, he added that if the world oil situation deteri- orated sharply again Britain might be forced to pay the price by introducing some form of tighter control.

Mr. Christopher Price (Lab., Lewisham W) tried to get the House adjourned so that an emergency debate could be held on the subject. "The House has a right to expect the Govern- ment to set priorities so that emergency services can be main- tained," he protested.

But the Speaker, Mr. George Thomas, rejected this request.

From the Opposition front bench, Dr. Dickson Mabon, who was Energy Minister in the last Government, found Mr. Howell's statement "extremely disquieting."

Other Labour MPs claimed the Government had abdicated its responsibility and fiercely criticised the Energy Secretary for taking a doctrinaire approach to the issue.

They argued that a system of Government priorities should be introduced for supplies to the bus and rail services which had been hit by the shortage.

Concern was also expressed about the ambulance services which Labour backbenchers allege were being "held to ransom" by suppliers who were steeply increasing their fuel charges. Throughout the ex- changes, it was clear that Con- servative backbenchers were also very apprehensive about the effect the oil crisis was having on their constituents.

Although they backed the Energy Secretary's stance, several of them—particularly those representing hard-hit rural areas—implied that the Government should be doing more to ensure the fair alloca- tion of supplies.

These misgivings from the Tory backbenches provoked derisive laughter from the Labour side of the House.

Mr Anthony Wedgwood Benn, Energy Secretary in the Labour Government, urged Mr Howell to use the Oil Industry Emer- gency Committee to deal with the situation.

He said the Government's powers under the Energy Act were totally sufficient to deal with the difficulties and it had a clear duty to see that a Minister supervised the activities of the committee.

But the Secretary of State replied that taking powers under the emergency Act would be justified only in a position of emergency.

In his statement, Mr Howell announced that he is considering taking royalties in kind from the oil companies instead of in cash. This would ensure that more oil came onto the British market.

Answering criticisms that the oil companies are sending too much of Britain's North Sea oil abroad, he said he was not not satisfied with present arrange- ments for supplies onto the UK market.

"We certainly have to trade North Sea oil internationally," he added. "But we must get the balance right."

Energy conservation, he said, must have a permanent and central place in Government policy and he would be pro- posing more measures on this front.

In a bleak look at the inter- national situation, he said that the position in Iran could easily worsen again and the prospect for other supplies was at best fragile.

Supplies to UK consumers were 5 per cent down and oil companies had been affected in different ways, leading to serious shortages for particular customers and regions.

The Government had specifically asked the U.K. Petroleum Industry Association to achieve a more even and effective distribution and to meet particular difficulties as a matter of urgency.

He again appealed for a five per cent cut in consumption in industry, on the roads and in the home. Similar cuts would be expected in the public sector.

"In present conditions, the sensible way forward is through steps to improve supplies in the UK market combined with economical use by everyone and strong conservation measures," he emphasised.

Dr. Dickson Mabon complained that, by standing back, the Government would be creating considerable difficulties for essential services.

It was complete nonsense for the Government to insist that the railways should cut back. To withdraw rail services would only make congestion on the roads greater.

Many farmers were desper- ately short of diesel fuel and there were shortages in indus- try as well. He appealed to the Secretary of State to take action to help the worst hit parts of the economy.

The Liberal leader, Mr. David Steel, said that Mr. Howell should not be surprised at the angry reaction of the House. Governments were expected to take action—that's what gov- ernments were for.

Mr. Steel protested that some ambulance services were being charged £1.80 a gallon for petrol. This was not a free market: it was a black market.

Vietnamese refugees accepted

BRITAIN is to accept another 295 Vietnamese refugees picked up by a British ship, Mr. William Whitelaw, Home Secretary, announced in the Commons yesterday.

But he stressed the Govern- ment was unlikely to take in any more.

"If we had to go further it would place a very great strain on resources in many different ways," Mr. Whitelaw said.

The latest batch of refugees to be offered a new life in Britain are on the British ship Roachbank which has been anchored off Taiwan for 10 days.

Attempts to persuade the Taiwan Government to accept some of them have had little success, said the Home Secre- tary.

"In consideration for the captain, crew and passengers, many of whom are children, the Government has decided that those not accepted by Taiwan will be brought to this country as soon as possible."

Mr. Whitelaw said the refugees would be received in accommodation provided by the Save the Children organisation.

He condemned the "shameful activities" and "ruthless behaviour" of the Vietnamese authorities in creating a major problem of deep concern to the whole world.

Energetic ideological kicks

BY PHILIP RAWSTORNE

MR. DAVID HOWELL dis- played rather more resolution in his commitment to the free market yesterday than many of the Conservative back- benchers.

Wholesale Government intervention—even rationing —might be forced by another sharp reduction in world oil supplies, the Energy Secretary conceded.

"But in the present condi- tions, the sensible way for- ward is through steps to improve supplies in the UK market combined with eco- nomical use for everyone and strong conservation measures," he declared.

The Labour protest was vociferous — even the mild- mannered Dr. Dickson Mabon positively quivered with what he called "extreme disquiet."

The Government should be ensuring priority supplies for essential services, he said.

Mr. Howell firmly rejected the idea of any more bureau- cratic apparatus, estimating rapidly that it would involve at least 2,000 civil servants at a cost of £1.5m a month.

Mrs. Margaret Thatcher sat beside him in support as he was accused of getting his ideological kicks out of the public transport service. "A sheer abdication of responsi- bility." Mr. Tony Benn charged.

Mr. Howell defended stoutly — until Mr. David Steel, the Liberal leader, sug- gested that oil supplies were now being distributed not through a free market but a black market.

"You know that I have given special attention to the problems in your constitu- ency," Mr. Howell retorted indignantly.

"Oh, oh," chorussed Labour MPs in mock astonishment at this Government intervention.

Perhaps, suggested Mr. Geoffrey Rippon, Tory MP for Hexham, the same sort of consideration could be given to his constituents' problems.

"I have already looked at them," Mr. Howell promptly replied.

Not even the Prime Minister's presence could protect him then from further Tory demands that he should step smartly into other problem areas.

"I thank him for the action he has taken so far," said Mr. Hal Miller (Bromsgrove) amid Labour laughter. "But would he accept there is disquiet . . . "

Sir Anthony Meyer (Flint W) congratulated Mr. Howell on his anti-panic stand — "Nevertheless, is he aware that the tourist industry . . ."

Mr. Patrick McNair-Wilson (New Forest) complained that rural motorists were wasting more petrol in driv- ing around looking for sup- plies.

They could not even do that in East Aberdeen, protested Mr. Albert McQuarrie. Gar- ages there had been without petrol for 12 to 17 days.

"What action do you pro- pose to take to alleviate the situation?" he demanded.

Labour MPs hooted hilar- iously. But Mr. Howell met the interventionist pressures of his own side with the same unyielding determination with which he had faced the Opposition.

No-one could doubt his attachment to the economics of the free market.

Mr. Enoch Powell dared to do so—and was roundly chided for his temerity. "I am surprised you feel it necessary to raise that ques- tion," Mr. Howell declared.

Riot report

Home Secretary William White- law last night promised a state- ment to the Commons about the Southall riots on April 23, during which Blair Peach, a member of the Socialist Workers' Party, was killed.

Mr. Whitelaw said in a Commons written reply that he expected shortly a detailed report of the troubles from the Metropolitan Commissioner of Police. A statement would come after the report had been considered.

Experts to study DC-10s

By Ivor Owen

A REPORT by two experts from the airworthiness division of the Civil Aviation Authority who are being sent to the U.S., will largely determine how long the DC-10 aircraft operated by British Caledonian and Laker Airways must remain grounded.

This was made clear by Mr. Cecil Parkinson, Trade Minister, when he was pressed for an undertaking that the CAA will reach its own conclusions and not merely "rubber stamp" decisions made by the U.S. Federal Aviation Administra- tion.

He told MPs the task of the two British experts would be to "learn whether the evidence available to the FAA indicated a need for continued ground- ing of the aircraft on the UK register."

He confirmed that the grounding of the British- registered DC-10s by the CAA was the direct consequence of the withdrawal by the FAA of the aircraft's flight certificate.

Leading the demands for an independent judgment by the CAA, Mr. Robin Maxwell-Hyslop (C Tiverton) referred to deaths which had occurred through earlier accidents involving the DC-10 caused by a design fault in the door-locking arrangements of the aircraft.

Benn calls for introduction of import controls

BY ELINOR GOODMAN, LOBBY STAFF

ON THE eve of the Budget, Mr. Antony Wedgwood Benn yesterday used his new-found freedom as a Labour back- bencher to call for the immedi- ate introduction of import controls.

Mr. Benn has long been known to be sympathetic to the idea of such restrictions but since becoming a Minister in 1974, he has not been able to give full vent to his views in public.

Now, however, it is clear that this, together with the role of the International Monetary Fund, is one of half a dozen or so ideas which he will be advocating vociferously.

Speaking at the opening session of the International Monetary Conference in London, he claimed that if the world bankers and the IMF con- tinued to force their monetarist theories upon Governments there would be grave political as well as economic difficulties.

Unemployment, like inflation, could destroy the whole fabric of society.

Failure to pursue the policies he was putting forward, he maintained, could mean that by the time Britain's own oil sup- plies ran out, the UK could face "a near catastrophic fall in living standards and be forced to accept large-scale emigration as the only remedy for unmanageable levels of chronic unemployment."

Mr. Benn argued that if the Chancellor rejected import con- trols he would be forced to impose drastic cuts in public expenditure and sharp increases in indirect taxation. These would lead to high unemploy- ment and lower living stan- dards.

He claimed that the IMF had been the most powerful group in determining Britain's econo- mic policy. Now it should be prepared for an urgent reassess- ment of world trading

"Nothing could compel such a re-examination so quickly as a decision by one country— Britain—to adopt a new course itself, planning both its trade and its own industrial recovery."

His audience of bankers could be expected to disagree with most of what he said and Mr. Benn seemed to be using the occasion to speak to the party rank and file.

The British Chancellor, he said, would be forced to make a policy choice between the remedies which the bankers would be pressing on him and the option of acting directly upon the trade deficit and the problems of industrial decline.

The alternative course, which he said the British people would soon realise was the best hope for their future, would mean setting physical limits to the "alarming growth of imports to protect Britain's manufacturing industry."

No British Government, he said, could stand aside and watch the country's manufactur- ing base being eroded.

Mr. Callaghan's retiring honours list

BARONESS

Mrs. Lena May Jeger, former MP for Camden, Holborn and St. Pancras South.

BARONS

Mr. John Edward Brooks, chairman of the Labour Party, Wales: former leader of the Labour Group, county of South Glamorgan.

Sir Myer Galpern, former MP for Shettleston, Glasgow: former first deputy chairman of Ways and Means, House of Commons.

Mr. Cledwyn Hughes, former MP for Anglesey, Secretary of State for Wales 1966-68; Minis- ter of Agriculture, Fisheries and Food 1968-70.

Mr. Sydney Irving, former MP for Dartford. Chairman of Ways and Means, House of Commons 1968-70.

Mr. Norman Harold Lever, MP for Manchester Central and former Chancellor of the Duchy of Lancaster.

Mr. William Ross, former MP for Kilmarnock. Former Secre- tary of State for Scotland.

Mr. Robert Maitland Michael Stewart, former MP for Fulham. Former Secretary of State for Foreign and Commonwealth Affairs.

Mr. George Russell Strauss, former MP for Vauxhall. Minister of Supply 1947-51.

Mr. Henry Reginald Underhill, National Agent of the Labour Party.

PRIVY COUNSELLORS

Mr. Ernest Armstrong, MP for North-West Durham. Former Parliamentary Under- Secretary of State, Department of the Environment.

Mr. Jack Ashley, MP for Stoke-on-Trent South.

Mr. Trevor Alec Jones, MP for Rhondda. Former Under- Secretary of State, Welsh Office.

Mr. Gordon James Oakes, MP for Widnes. Former Minister of State, Department of Educa- tion and Science.

Mr. Harold Walker, MP for Doncaster. Former Minister of State, Department of Employ- ment.

COMPANIONS OF HONOUR

Mr. Denis Winston Healey, MP for Leeds East. Former Chancellor of the Exchequer.

KNIGHTS

Mr. Frank Herbert Barlow, Secretary, Parliamentary Labour Party.

Mr. John McFarlane Boyd, General Secretary, Amalgam- ated Union of Engineering Workers.

Mr. Montague Bernard Levine, personal physician to Mr. Callaghan.

Mr. Thomas Daniel McCaffrey, former chief press secretary, 10 Downing Street.

Mr. Joseph Percival William Mallalieu, former MP for Huddersfield East. Minister of Defence (Royal Navy) 1966-67, Minister of State, Board of Trade, 1967-68. Minister of Technology 1968-69.

Mr. Thomas Gwilym Morris, Chief Constable, South Wales constabulary.

Mr. Raphael Hederman Tuck, former MP for Watford.

ORDER OF THE BRITISH EMPIRE

Mrs. Judith Constance Mary Hart, MP for Lanark. Former Minister for Overseas Develop- ment.

Mr. Donald Richard Coleman, MP for Neath. Former Vice- Chamberlain, HM Household.

Mr. Gordon Kenneth Denniss, farmer, Lewes, Sussex.

Mr. Derek Oliver Gladwin, Regional Secretary, Southern Region, General and Municipal Workers' Union.

Mr. James Hamilton, MP for Bothwell, Lanarkshire. Former Comptroller, HM Household.

Mr. John Emrys Jones, secre- tary/organiser, Labour Party, Wales.

Mrs. Ruth Margaret Sharpe, private and constituency secre- tary to Mr. Callaghan.

Mr. Roger Stott, MP for West- houghton. Former Parliament- ary Private Secretary to Mr. Callaghan.

Mr. Derek Adrian Webster, chairman, Scottish Daily Record and Sunday Mail Ltd.

Mr. Nigel Leonard Wicks, former private secretary, Prime Minister's office.

OBE

Mr. Gavyn Davies, policy adviser to Mr. Callaghan.

Mr. David John Wise, national secretary, the Co-opera- tive Party.

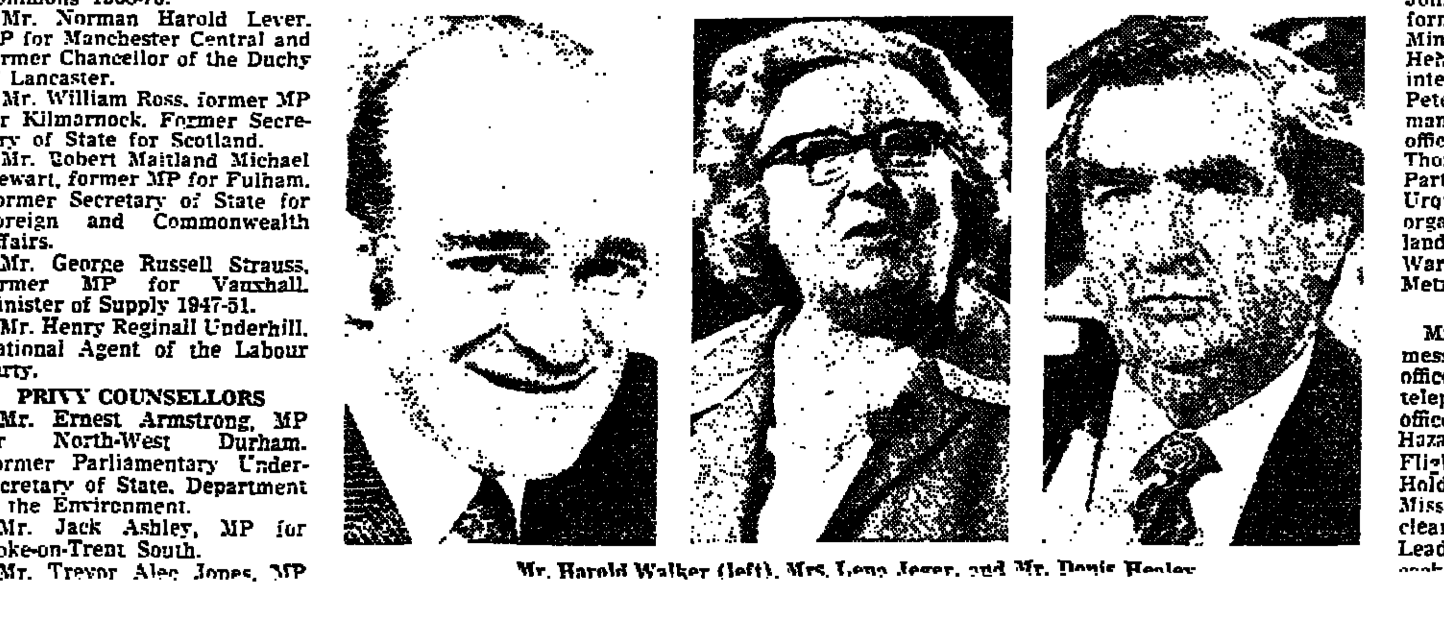
Mr. Philip Wood, former Private Secretary, Prime Minister's office.

MBE

Miss Margaret Dougan, private secretary to MPs. Mr. David Evans, chairman, Cardiff South East Labour Party. Mr. John David Fletcher Holt, former private secretary, Prime Minister's office. Mr. Albert Henry Long, chief clerk super- intendent, Whips' Office. Mr. Peter Ronald Taylor, office manager, Prime Minister's office. Mrs. Eva Florence Thomas, secretary, Ely Labour Party, Cardiff. Mrs. Annabel Urquhart, assistant Scottish organiser, Labour Party, Scot- land. Mr. John Bretnall Warwicker, Superintendent, Metropolitan Police.

BME

Mr. Charles Edward Barton, messenger, Prime Minister's office. Mrs. Pamela Iris Brough, telephonist, Prime Minister's office. Mrs. Joseph Robert Hazard, driver to Mr. Callaghan. Flight Sergeant Colin Brian Holden, the chef at Chequers. Miss Daisy Elizabeth Riley, cleaner, Prime Minister's office. Leading Wren Dorothy Wood- ...



Mr. Harold Walker (left), Mrs. Lena Jeger, and Mr. Denis Healey

FINANCIAL TIMES SURVEY
Tuesday June 12 1979

GOLD

Gold, the most ancient manifest symbol of wealth, has begun another chapter in its distinguished history. Its enduring quality, which has enabled it to survive many modern economic philosophies, has managed to reassert itself in a number of ways which this survey discusses.

Renewed role on world stage

By William Hall

OVER THE past 18 months there have been two distinct phases in the fortunes of the gold price. During the first ten months of last year the price rose by nearly 50 per cent but this was very much a reflection of the growing lack of confidence in the dollar. *In Swiss franc terms the price* hardly budged.

However, the second, and more significant, phase began following President Carter's dollar support package of November 1 1978. After an *initial sharp drop the gold price* started to rise substantially in terms of all major currencies. By early June the price had risen by 15 per cent in dollar terms from the end-October levels and in terms of Swiss *francs and Deutsche Marks* it had risen by 35 per cent and 27 per cent respectively.

The strength of the rise in the gold price is surprising on a number of counts. First, it took place during a period of rising *official sales — the highest,* in fact, since the termination of the Gold Pool in 1968. The U.S. sold 126 tons last year—equal to 18 per cent of South African production. So far this year the U.S. has sold another 210 tonnes and once this month's auctions are finished the International Monetary Fund (IMF) and the U.S. authorities will together *have sold more gold in the first* six months of 1979 than they did in the whole of 1978.

The second slightly surprising element was the sharp rise in private market absorption. According to Consolidated Gold *Fields review, Gold 1979,* the private market absorbed $10.8bn in 1978—an increase of 38 per cent on the previous year. Much of *this increase* was channelled into krugerrands which accounted for over a quarter of South Africa's gold production in 1978.

Resilience

The final, rather surprising, piece in the gold puzzle was the resiliency of fabrication demand in the face of sharply higher prices. For the second year running carat jewellery alone, *according to Gold 1979, took* more than the entire free world gold production.

With the benefit of hindsight it is possible to rationalise the recent behaviour of the gold price and the strength of de*mand, although a year ago,* when the price was hovering around the $180 per oz mark and U.S. auctions had just begun, few would have thought that the price would rise by another $100 or so.

The two bouts of currency unrest in early 1978 and then in the autumn were, according to the Bank for International Settlements, as bad as the turmoil surrounding the final collapse of the Bretton Woods system of fixed exchange rates in early 1973. Undoubtedly this ferment had a powerful bearing on the course of the gold price last year.

But once the dollar started to recover late last year other factors took over and helped push the gold price to new peaks. The revolution in Iran and the Sino-Vietnamese conflict plus unease in Taiwan following the U.S. accord with Peking all fuelled the demand for gold. Meanwhile, the resurgence of inflation around the world only added to gold's latent appeal as a store of wealth.

In the U.S. inflation has been accelerating for over two years and recently the same has become evident in Britain, Italy, Germany and Switzerland. There has been a noticeable upturn in wholesale prices in most industrialised countries and the recent rise in commodity prices—especially oil—has only added to the inflationary uncertainties.

But while generalisations *about inflation and currency* unrest go a long way towards explaining why the gold price has behaved in the way it has recently, it is nonetheless important not to lose sight of the longer term trends now *influencing the gold price.*

There are two areas where gold is undergoing fundamental change. The first concerns the increasing awareness of gold among individuals in the rich countries of the world. Americans in particular are becoming more interested in gold. The second area of fundamental change concerns gold's monetary role. After the traumas of the early 1970s gold is once again creeping back on to the international monetary stage.

Taking the private ownership of gold first, the big change over the *last decade is that* the gold producers have started marketing their product more aggressively. Until 1968 they never *had* to worry since the central banks were always buyers of last resort. Following the U.S. initiative to demonetise gold, however, the producers, in particular the South Africans, realised that they had to take an *interest in placing gold in firm* hands. To this end the South African Chamber of Mines set up a marketing arm, Intergold, in 1968.

Intergold started to promote *gold through* heavy advertising campaigns, in places like France and Germany. The message was simple: Gold jewellery should be treated in much the same way as ladies' handbags, cosmetics and other accessories. A measure of the success of this strategy can be seen by the fact that in volume terms 10 per cent more carat jewellery (according to Consolidated Gold *Fields) is sold now than in 1968* —since when the gold price has risen eight-fold. And compared with the slump in the jewellery trade in 1974 nearly five times as much was sold last year.

In 1973 Intergold took over *marketing the kruggerrand and* applied the same sophisticated marketing techniques. The result was that sales soared from 0.5m coins in 1972 to over 6m last year—of which more than half went into the U.S. The success of the *krugerrand can* be seen in the fact that last year it accounted for around 75 per cent of all coins sold world-wide and has attracted imitators such as the Canadian "gold maple leaf."

Intergold's aggressive marketing strategy has been paralled in the U.S. by the phenomenal growth in the U.S. gold futures markets in Chicago and New York. This has also increased the public awareness of the yellow metal's qualities.

Sentiment

Americans were initially slow to take advantage of their new freedom to own gold but the combination of futures trading and the *growth in krugerrand* sales is changing sentiment. And now that big banks such as Citibank and First Chicago are beginning to market gold certificates, the yellow metal, *far from being regarded as a rather zany investment* best left to the mythical gnomes of Zurich, has become much more respectable in U.S. investors' eyes and is increasingly attracting the attention of institutional investors wanting to diversify out of Wall Street. A Bill before the Alaskan legislature, for example, seeks to allow the State pension funds to invest *in gold bullion.*

The other fundamental change effecting gold has been its recent renaissance as an acceptable component of international monetary reserves. During the early 1970s the U.S. Administration *worked hard to rid the* world monetary system of the influence of the yellow metal and for a time it looked as if it was winning.

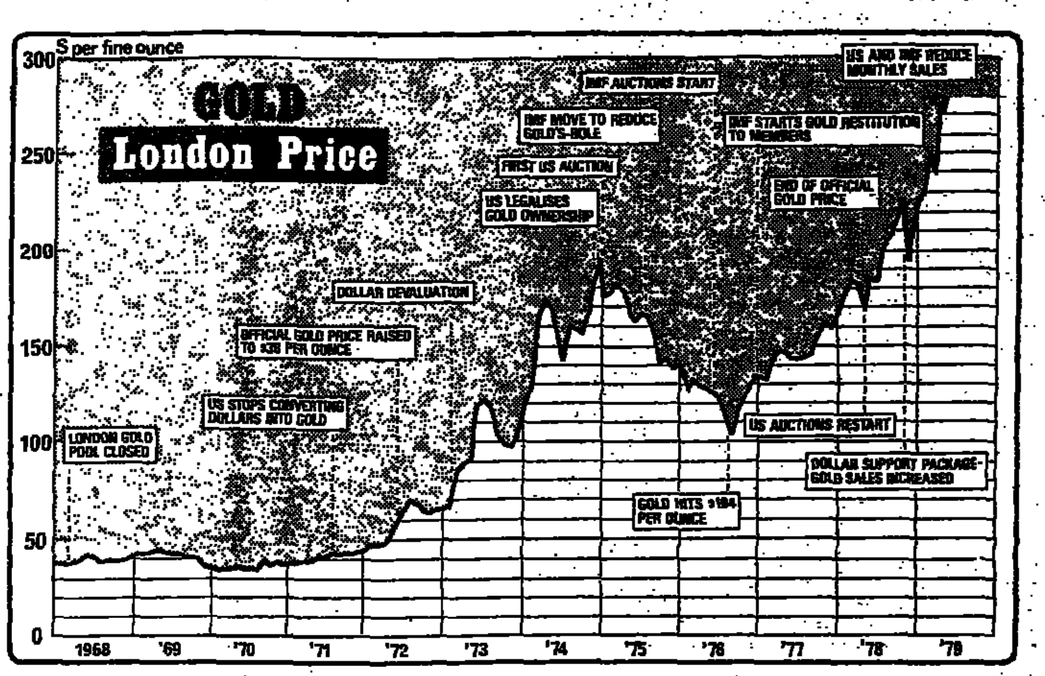
Immediately after the legislation permitting gold ownership *by Americans, the U.S. Treasury* announced that it would start auctioning gold. At roughly the same time the IMF also began selling off 25m ozs over a four year period and restitute another 25m to its members. *This had a severe impact on the* price and over the next 18 months it fell from nearly $200 an ounce to just over $100. But that proved the turning point and since then the gold market, with occasional hiccups, has proved capable of digesting the regular official supplies as well as the Russian supplies of 400 tonnes or so a year. Indeed without the Russian or IMF sales there would not have been *enough gold to go round.*

Over the last couple of years the major industrialised coun*tries have been quietly revalu*ing their gold reserves and gold has even been allotted a role in the European Monetary System. Most Central banks have not been adding to their gold holdings although they are *now legally permitted to do so.* But on the other hand they have *not been selling gold.* Herein lies the rub for the U.S., which along with impoverished Portugal is the only country of note still selling gold.

Its crusade to rid the world monetary system of the yellow *metal is no longer an obvious* winner. Twenty-five years ago, when it had close to 20,000 tonnes of the stuff and roughly five times as much as the Continental Europeans put together, it could have done whatever it *wanted about gold.* *Now its* gold holdings have fallen to 8,500 tonnes or so and with the Europeans owning nearly twice as much, the U.S. has far less clout than it had.

The U.S. decision to reduce *monthly gold sales earlier this* year, because the dollar had *recovered, is symptomatic of its* indecision about gold. If it had really been intent on reducing gold's role, it would have continued selling and knocked the price down. But now that Americans are becoming more *aware of gold there is a limit to* how far even the U.S. authorities can go in squandering their own holdings.

Finally, there is the question of what happens when the current programme of IMF sales *comes to an end next year.* Unless the IMF decides to sell its remaining gold, which seems unlikely, roughly 200 tonnes per annum of new supply will have been removed from the market. The U.S. seems the only country *(apart from Russia) that might* fill the vacuum.



Bigger mine output in the offing

HISTORICALLY, the gold mining industry is in a state of high expansion but the growth of activity will not necessarily be apparent in production statistics for some time. Current estimates indicate that world mine production, excluding that of the Soviet Union, is likely to climb to only 1,000 tonnes this year from 968 tonnes in 1978.

There is in fact a great deal of catching up to be done. Between 1973 and 1975 annual production slipped from 1,113 tonnes to 956 tonnes and since 1976 has stabilised at or just under 970 tonnes. One of the main reasons for this has been the decline in South African production, which around 1970 was 1,000 tonnes a year.

This decline was checked last year when output rose to 706.4 tonnes. But what happens in South Africa is the key to the world's new supplies. South Africa has consistently supplied nearly three-quarters of international new production.

The small scale of most of the mines outside South Africa means that their expansion has at best a marginal impact. In any case, gold from mines outside South Africa frequently comes as a by-product of other mineral output and its availability is therefore influenced by factors outside the movements of the international bullion market.

The small producers are able, however, to adjust their operations more flexibly to the shifts of the gold price than the large South African mines. Thus in recent months there has been a wave of announcements from Canadian companies outlining increases in production or the commissioning of feasibility studies on deposits which at lower prices were manifestly uneconomic.

Conscious of the advantages of relatively small development costs and a quick cash flow, Consolidated Gold Fields group has brought a small mine in the Cadillac area of Quebec back to production and is working on a similar project in New Mexico. As another example, Campbell Chibougamau Mines of Quebec has accelerated production at its Henderson mine and has recently started extraction from a newly developed ore zone while exploration continues apace.

The situation has been similar elsewhere, even on the somewhat tarnished Golden Mile in Western Australia. Here expansion is in the main again. But this response to the firmness of the bullion market, dating back roughly to 1975, is of a different quality from the developments in South Africa.

GOLD PRODUCTION
(non-Communist countries—metric tonnes)

	1978†	1977	1976	1975	1974
South Africa	706.4	700.0	713.4	713.4	758.6
Ghana	14.2	16.9	16.6	16.3	19.1
Other Africa	23.0	26.3	25.6	25.6	22.3
Canada	51.7	53.1	52.4	51.4	52.8
U.S.	30.2	34.2	32.6	32.7	35.0
Latin America	47.0	47.0	45.1	38.7	31.2
Philippines	19.1	17.4	15.6	15.6	16.7
Papua/New Guinea ...	23.5	22.8	19.8	19.0	20.7
Australia	20.7	19.4	15.5	16.4	16.0
Other Asia/Oceania ...	14.0	14.1	13.9	13.1	13.9
Europe	18.0	19.0	19.0	14.0	16.7
Total	968	970	969	956	1,003
South Africa per cent	73	72	74	75	76

† Provisional.

Source: U.S. Bureau of Mines and Union Corporation.

In the first place South African mine expansion is longer standing, going back to the time when gold was freed from its fixed international price. "The increased prospecting activity which came about in the early 1970s as a result of the increase in the price of gold is now bearing fruit not only in the establishment of new producers but also with the sinking of shafts to exploit further areas within existing mining leases," said Mr. J. Ogilvie Thompson, chairman of Anglo American Gold Investment, the shareholding arm of Anglo American Corporation of South Africa, the world's biggest producer.

Grander

Secondly, the South African expansion is conceived on a much grander and more expensive scale than elsewhere. Four mines are being concurrently *developed*. The first gold was poured at Elandsrand, an Anglo American unit, in December last year, over two years ahead of schedule. The pre-production costs were R183m (£104.6m). Next door to Elandsrand, the Deelkraal mine is costing the Gold Fields group R150m and trial milling should start in the last quarter of this year.

Both of these mines are on the Far West Rand. In the Orange Free State, Union Corporation and Selection Trust are spending R73m on the Unisel mine, which is scheduled to reach full production in November. Also in the Orange Free State, Union Corporation has started development work on the Beisa uranium-gold operation and expects to spend R200m before production starts in 1982.

All of these operations are based on painstaking and expensive exploration going back several years. In a similar way Anglo American in 1973 started examining the possibility of treating the waste dumps of old mines surrounding Johannesburg. Just over a year ago the first production from a new plant designed to extract gold, uranium and sulphuric acid became available. Total cost of the project is put at R145m.

Expenditure, either made or commit ted, on these projects is thus R751m (£429.5m). At the same time individual mines are also expanding. But the effect, in terms of the whole South African output, is not marked. Mr. Ogilvie Thompson foresees 1979 production rising to 720 tonnes of gold and then moving gradually to 750 tonnes. But even that figure is still just three-quarters of the total output achieved in 1970.

There are two main reasons for this apparently sluggish growth in output. The first is that although new mines are coming on stream, older ones are ceasing production. Closure over the next few years of some of the older mines such as Marievale and Venterspost, which are presently producing about nine tonnes of gold annually and which have already given statutory notice of closure will reduce total gold output.

The second reason is that even in the large-scale operations with a life expectancy of up to 25 years, it is becoming increasingly difficult to win the gold. This point was made forcibly by the chairmen of the *Anglo American mines in the* Orange Free State—the mines from this area, incidentally, provide about 30 per cent of South African production.

There is a clearly established trend in the industry towards mining ore which was previously unpayable and supplementing the underground ore with material which, in the days when extraction techniques were less highly developed, was once put aside as waste.

"Since 1972," noted Mr. D. A. Etheredge, the chairman of Anglo American's gold and uranium division, "the tonnage mined from remnants in our mines has steadily increased to the point where, at some of the older shafts, over half the tonnage is won from areas previously mined. . . . With operations moving progressively further from the shaft, travelling times for both men and materials are continually increasing and give rise to a decrease in available time at the work face. The effective use of manpower is an on-going problem."

Speed

Such technical difficulties have become increasingly apparent as costs have risen. Although the speed of the rise was checked in 1978 at 13.7 per cent, it followed a year when the increase was 23.7 per cent. This has not only been a question of more expensive fuel and material costs, but wage and salary charges as well.

Labour is taking an increasingly larger share of the costs for each tonne of ore mined, but productivity has remained stagnant. This is partly because of the introduction of the 11-shift fortnight, but also reflects the difficulties of mechanisation and the rigidity of the labour structure. The colour bar in the mines extends both to jobs and the payments for them. In a *broad sense, the Blacks remain* labourers while the Whites are miners, despite the attempts in recent years to train and reward a greater number of Blacks for skilled jobs.

These factors all give the South African mining industry a less healthy base than the tide of dividends on the crest of the high bullion price would suggest. Given the present structure and technical shortcomings of the industry, what is most needed for an appreciably higher output is a new gold field—the dream of every Johannesburg boardroom.

Paul Cheeseright

Industrial demand holding firm

IN THE face of it, the industrial demand for gold should have sagged some months ago in reaction to the repeated rises in the bullion price on the international market. Yet demand has remained remarkably firm and in 1978 the amount of gold used in jewellery manufacture, dentistry and electronics increased for the fourth successive year.

But the puzzle remains. There must presumably come a time when the bullion price is the predominant factor in decisions about purchases for manufacturing. When the international price rose throughout 1974 industrial use of gold was curtailed.

There is no simple relationship between consumer demand and price changes, as was made clear in Gold 1979, the authoritative study of the industry recently published by Consolidated Gold Fields.

"Statistics indicate that at higher prices purchases of gold for jewellery and industrial uses tend to decline, but the effects vary depending upon particular market groupings and, still more disconcerting, price sensitivity may not be stable over time. Also, the limited evidence available suggests strongly that income effects are at least as important as price; certainly this is true in industrial nations."

Sense

The question is not simply academic because by far the greater amount of gold placed on the market is used for industrial purposes. Excluding official coin manufacture, industrial use of gold in 1978 accounted for 894 tonnes of the supplies of 741 tonnes made available to the market. In the event of any sudden and sharp diminution of demand, the effect on the international price could be marked. Indeed, gold investment as such probably only makes sense if the industrial demand holds up.

Significantly, a survey of jewellery manufacturers in the U.S. carried out by Gold Fields showed that of the 44 companies in the sample 60 per cent would decrease their use of gold if the price went higher than $260 an ounce. In fact, the price went through $260 in the middle of May, and thus shows a very sharp rise on the average 1978 price of $193.50.

At present, however, the jewellery market seems very steady. In the UK, which in recent years has exhibited roughly the same consumption patterns as most other industrialised nations—a perceptible but undramatic rise in gold use —the British Jewellery and Giftware Federation has noted improved sales. This is partly the result of extensive advertising.

So far it looks as if the basic factors behind the strength in demand last year, as noted in Gold 1979, still largely hold good. "First there was a general increase in world national product in 1978 which was sufficient to offset inflation and leave a margin for real disposable income. Secondly, gold prices expressed in most currencies other than the dollar showed much less pronounced increases; indeed, in terms of some hard currencies gold prices registered a decline at different times during the year.

"Thirdly, some gold jewellery purchases are motivated by the perceived investment attraction of gold; this is particularly true in countries where high-carat products are favoured. Finally, promotional efforts by individual manufacturers and retailers as well as by organised groups have had an undoubted positive influence on jewellery sales."

But changes are nevertheless starting to take place which could render the application of this analysis impossible for 1979 and at the same time make real the consumer resistance which the U.S. companies thought would come about with a gold price over $260 an ounce.

The predicted flattening out of the U.S. economy, added to tighter credit policies in the industrialised nations following the latest rounds of oil price increases, could affect the way personal income is disposed. Moreover the greater stability of the dollar in recent months has meant that the gold price itself is increasing in terms of currencies like the yen and the D-mark, whereas last year it was static.

Gold Fields is predicting that fabrication demand this year will remain roughly the same as in 1978, when jewellery accounted for 1,001 tonnes, electronics 85 tonnes, dentistry 87 tonnes, other industrial and decorative uses 75 tonnes, and medals, medallions and fake coins 46 tonnes.

Highest

With the exception of the medals and medallions sector, all the figures are the highest for four years, although jewellery demand was less than in 1970 and 1971 and electronics demand has not yet approached the 127 tonnes recorded in 1973.

Jewellery usage would have been higher but for the events in Iran which caused a drop in consumption to an estimated 30 tonnes last year from 64 tonnes in 1977. It seems unlikely that usage there will be much higher this year, given the continued instability.

But the amount of gold used in Iran is in any case insignificant compared with the tonnage absorbed in Italy, which is by far the largest single national user in the world. Last year Italy used 249.4 tonnes, of which 235 tonnes went into jewellery. The next largest user was the U.S. with an offtake for fabrication of 178.3 tonnes.

The prospects for maintaining gold demand this year therefore depend to an appreciable extent on Italy's ability to maintain its penetration of the export markets in Europe and North America, and in the developing countries for gold chain.

It could well be that Italian success in this will depend not so much on the ultimate consumer demand but on the reaction of domestic producers to the highly competitive attitude of the Italians and the consequent possibility of some form of protectionism. There is, for example, increasing concern in the UK about the prices charged by the Italians for their products.

Meanwhile, in the two other main industrial fields—electronics and dentistry, the prospects look mixed. Gold 1979 noted that the strong growth of the electronic sector has pushed up use in circuitry.

"Although the firm prices experienced in the last two years may renew the drive to economise in gold use by selective plating or reduced coating thickness, the opportunities for so doing are diminishing. It is always possible that the appearance of substitute technology will require less gold in some applications, but notwithstanding such developments gold should benefit from continued rapid volume growth in the electronics industry."

But there is no such optimism about gold in dental uses. Only a modest growth is expected. Indeed the increase in the amount of gold used for this purpose comes down largely to changes in the public health schemes of Germany and Japan where a wider range of work involving gold now attracts national health assistance.

Gold Fields' comment that growth in this particular sector will mirror more closely trends in real disposable income is at the heart of calculations on the prospects for fabrication demand. What is clearly needed for any marked rise in demand is a vigorous performance from the world economy. The chances of that for the rest of this year seem to have been ruled out by most economists as they survey the latest pricing policies of the oil producers.

P.C.

Young Investor v. Old in share debate

"GOLD SHARES?" said the *Young Investor*, "Far too risky. Wouldn't touch 'em with a barge-pole." With a defiant glance at the other after-dinner guests, which included the Old Investor, he began his homily with the undeniable point that buying into gold meant buying South African.

There were, of course, a few Canadian, U.S. and Australian gold shares to be had. But the companies were less well placed than those in South Africa because of their higher mine operating costs and consequent vulnerability to any fall in the gold price. Their share prices were relatively higher and the market for their shares could be somewhat restricted.

Buying South African, he continued, meant living with the ever-present political risk in Southern Africa. Justifiably, he commented on the shattering effect that the Soweto riots had had on share prices in June-August 1976 when the Financial Times gold mines index dropped to 78.8.

By October 1977 it had recovered to 174.5, thanks to the rise in the bullion price which at that time had reached $160 an ounce. Then came the Steve Biko tragedy and within four days the index had plummeted to 140.3.

At this point the Old Investor, who had so far held his peace indulgently, looked to the young man and nodded gravely. Thus encouraged, the latter went on to point out that while the bullion price had risen by 68 per cent to $226 over the two years to the end of 1978, the gold mines index had gained only 18.1 per cent to 141.5 over the same period.

Then with a slight flush, which owed more to excitement than to his so far untouched glass of port, the young man delivered his *coup de grace*. "And on top of the normal commercial risk of investing in a company which is dependent on the fortunes of a single product, a British buyer of South African gold shares—or any other overseas issue, for that matter—has to stump up the investment dollar premium," he said.

He added: "I know he gets the premium back when he sells the shares, but the premium can vary from day to day." One of the other dinner guests who apparently had no difficulty in making a comfortable living out of other people's wagers on animals which might be better employed in pulling carts or biting burglars, made a curious but telling comment.

"Dollar premium? Don't understand the damn thing. Never did. That's why I never touch *foreign* shares." His forceful statement drew a snigger from two other guests who had earlier been bored by the bookmaker's long explanation of the mathematical mysteries of "Yankees," "cross-doubles," "accumulators" and other esoteric wagers.

The interruption was ignored by the Young Investor who had a serious turn of mind. He also had consumed far less of the port than his colleagues and, much to the annoyance of the Old Investor, he had failed to pass the bottle on its clock-wise way as tradition and good-fellowship demand.

LEADING GOLD MINES (Operating costs per oz of gold $)					
East Driefontein	50	Kinross	114	Leslie	156
West Driefontein	56	*Blyvoor	123	Welkom	167
Winkelhaak	84	*Vaal Reefs	127	Western Areas	175
Kloof	84	*Hartebeest	129	*Stilfontein	175
St. Helena	94	Libanon	130	Venterspost	222
Western Deep	95	*Randfontein	130	Durban Deep	230
Western Holdings	98	President Steyn	140	East Rand Property	252
Free State Geduld	98	Marievale	141	*Free State Saaiplaas	254
*President Brand	105	Grootvlei	144	Loraine	290
Bracken	106	Doornfontein	146	*West Rand Consolidated	600
*Southvaal	113	*Buffelsfontein	155		

*Has important uranium income.

Understand

"The dollar premium is simple enough to understand if you take the S.E. List premium figure which is shown *under* "Americans" in the FT back page share price tables. At the moment it is around 25 per cent so if you bought a share which would cost an overseas investor (who does not have to pay the premium) a price equal to 100p, you would have to pay 125p.

"Over the years the premium has been as high as 80 per cent and as low as under 10 per cent, so you see how much you could lose by buying when the premium is high and selling at a time when it is low."

Another guest, who by now had managed to wrest the port bottle from this callow youth, remarked: "Conversely, you could have done well by buying low and selling high. After, all, you did say that the premium fluctuates."

"Yes," grudgingly admitted the Young Investor, "but it is generally agreed that the premium is to be abolished sooner or later. This is required under the Treaty of Rome and would fit in with the Conservative Party's stated intention to relax exchange controls. Seems to me," he added, "that a buyer is more likely to lose than gain.

"If you buy golds, you would be better off with one of the few UK-registered companies, notably Consolidated Gold Fields which gets about half its profits from gold mining via the Gold Fields of South Africa subsidiary. That way you avoid the premium and have the safety element of UK assets as well."

He had gone a little too far for the Old Investor. The table grew quiet as the latter, who had made a great deal of money over the years, drew upon his cigar and prepared to speak.

"I've nothing against Gold Fields," he began, "but I would not buy the shares as a gold investment while the company is still subject to UK dividend limitation. It cannot pass on the full benefit of its rising gold mining income on the one hand while, on the other, its shares would fall with the rest if there *should* be a political upheaval in South Africa.

"Better to buy GFSA or Anglo American Gold Investment. Such holding companies offer the lowest risk—and dividend yield, of course—in South African gold mining investment. They cannot cover political risks but their expert management maintains a balance in the spread of individual mine holdings. For example, it switches out of mines which may move on the down-path, owing to shortening life or falling ore grade, into the more soundly based operations.

"As far as the individual mines are concerned, an investor must make these decisions for himself. Again, the risk element is balanced by the return offered. A top-class producer with a low break-even cost like West Driefontein, for example, offers a smaller prospect of capital gain than a marginal such as Venterspost which needs a gold price of about $222 per ounce to break even.

"Clearly, any rise above $222 will have greater impact on the earnings of the latter than of the former (which can be operated profitably at little more than $56 per ounce) especially when you bear in mind the way in which South Africa's sliding-scale tax formula bears heavily *on profits of the top earning* mines.

"It's true what you say about the relatively poor performance of the gold mines index with its 18.1 per cent appreciation from end-1976 to end-1978. But within that period you could have done much better. For instance, the index rose from under 100 in February, 1977 to *over 200 in August 1978*.

"And," he added with a severe glance at the Young Investor who was finding his chair less than comfortable, "so far this year, the index has risen 42 per cent compared with a 23 per cent appreciation in the gold price."

But his eyes twinkled and, more kindly, he said: "You see a gold share investor must always be prepared to job in and out of the market; he cannot just put the shares away and forget them. As for the political risk, this must be accepted in the same way that other forms of risk are taken into account *in all areas of invest*ment.

"At the moment gold share prices are not overvalued in relation to the risk element. Their dividend yields are moving well into the double-figure class, progress is being made in holding mine cost inflation down to reasonable levels and company earnings and dividends are still rising in the wake of the buoyant gold price.

"Rightly, or wrongly, the political discount in share prices is growing less. As for the dollar premium uncertainty, buyers are prepared to accept this in a rising market. To sell now and wait for its eventual removal could still mean facing higher share prices later on and losing good dividend income in the meantime.

Timing

"To sum up," said the Old Investor with a surreptitious glance at his gold half-hunter, "the secret of successful investment is timing. That means being prepared to take a profit and to leave some for the other man and it also means being brave enough to cut a loss even if it follows a short-lived paper profit. Don't try to outsmart the rest of the field because nobody ever got in at the bottom and out at the top."

His listeners began to fiddle with paper and pens. "Well, give us a tip then," cried the bookmaker. By now the Old Investor was making his way to the door, but he paused and said: "If you've decided to take a profit don't instruct your broker to sell at the approaching round figure, say £5. Others probably have the same idea and you might never make it."

"But what of the shares?" they cried in unison.

"Oh, don't buy too many," replied the Old Investor as the door closed on a final puff of cigar smoke.

Kenneth Marston
Mining Editor

▲ABOVE

One of the twice daily gold price "fixing" sessions at merchant bankers and bullion dealers N. M. Rothschild in London. This traditional practice continues, although Rothschilds nowadays will be dealing in its other offices round the world, as part of today's international pattern.

Dealing centres circle globe

TO A CASUAL OBSERVER nothing much seems to have changed in the international gold market over the past decade. The rather quaint twice daily gold "fixing" continues unchanged in London, while over in Zurich the big three Swiss banks (Swiss Bank Corporation, UBS, and Credit Suisse), still seem to peddle as much gold as ever. In faraway places like Kampuchea and Dubai, Johnson Matthey gold bars—the American Express cards of the gold trade—seem as popular as ever. Outwardly at least the London and Zurich gold markets still seem to behave like exclusive clubs from which outsiders have been barred.

But this impression of exclusivity is no more than a facade. It might have been the case ten years ago but since then there have been such major upheavals in gold dealing patterns that barriers have fallen and both London and Zurich have had to fight hard to meet the challenges.

Since the late 1960s the world gold market has been faced with three major changes, each of which has had a far-reaching influence on the structure of the market. The first upheaval was the closure of the London gold pool in March, 1968. The second was the fragmentation and growing internationalisation of the market dating from the early 1970s; and the third upheaval was the phenomenal success of futures trading.

Filtering

The impact of these changes is still filtering through the system but it is already having an effect in a number of ways. The most obvious is in the trading patterns. Ten years ago dealing was to a large extent dictated by European standards. When London and Zurich went home, gold dealing died down. A London dealer could afford to go to sleep safe in the knowledge that even if he was a "bit long" in gold, when he got to work the next morning the price would be much the same as the night before.

The growth of peripheral trading centres has meant, however, that prices move about quite markedly while London and Zurich are closed. As one London dealer recently bemoaned: "The gold price can be $10 adrift before you get off the train at Surbiton!" Gone are the days when a dealer could sleep easy in the knowledge that the price was set here in Europe.

At varying times of the year Hong Kong and New York set the prices and London and Zurich have no option but to follow. This means that whereas the London bullion houses used to be very much "position takers" in the old days, they are now much more trading operations, dealing at clients' behests.

Gold trading has become a round-the-clock operation. When London closes N. M. Rothschild will hand over to N.M.R. Metals Inc. in New York which will in turn hand over to N. M. Rothschild and Sons (Hong Kong) Ltd. when New York closes. Apart from a two hour gap between New York closing and Hong Kong opening, gold trading is now very much a 24-hour operation.

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A monetary renaissance

DLD HAS crept back on to the orld monetary stage as a rect result of the weakening the international reserve role the dollar over the past 18 onths. The aim of the U.S. thorities—in the aftermath President Nixon's decision to d the convertibility of the llar into gold in 1971—to put e world on to a single dollar undard has patently failed— ely with the compliance of e American Treasury itself, iich since the announcement President Carter's pro- amme to support the dollar t November has been plicitly accepting a reduced ernational role for its cur- acy.

Instead, what is emerging is multi-component international serve system in which gold, ngside the dollar, the "hard" rrencies of West Germany, itzerland and Japan, and the rrency "cocktails" of the ecial Drawing Right and the ropean Currency Unit, are ying an increasingly impor- it role, both as a store of ue in central banks' reserves l as a means of settlement official transactions.

Even before the crisis of ifidence which hit the dollar 1977-78, there had been signs a reawakening of gold's netary importance, notably use as collateral for the ge balance of payments loans Italy and Portugal from the tral banks of Germany and er industrial nations. But metal has only really taken a new lease of life since the et of the dollar's severe it of weakness in the autumn 1977. Since then, the gold ce has risen over 80 per cent dollar terms, and, even more iificant, this year has also de strong gains in terms of hard currencies, against ich it had previously been sonably stable.

ales

Three major series of events r the past 18 months have d out as marking gold's netary renaissance: the use stockpile sales by the U.S. asury to help finance the erican current account cit and shore up the dollar; rowing move among Euro- n central banks to increase book value of their gold lings to nearer the market e; and perhaps most important of all, the decision by the EEC to give gold a central role in the pool of monetary reserves backing up the European Monetary System.

The sharp fall of the dollar last year, eventually prompting a turn-round in the U.S. policy of "benign neglect" to one of active defence of its currency, has resulted in a curious ambivalence surrounding the official American position on gold.

The U.S. is still generally regarded as principal opponent of gold remonetisation. It was the main force behind the moves earlier in the decade to strip the metal of its monetary importance and relegate it to a position where it would be treated just like any other commodity. Official moves in this direction were enshrined in the decision by the IMF in 1975 to abolish the official gold price and allow central banks to buy and sell in the open market—something they have been free to do since April 1978, when the change in the IMF's articles came into force.

As part of the demonetisation measures, the U.S. Treasury held two gold auctions in 1975 to help dampen the rising price of the metal; and the IMF in 1976 started its regular programme of gold sales under which it is gradually returning one-sixth of its gold stock to member countries and selling off another sixth to aid developing nations.

When in April 1978 the Carter Administration announced it was restarting gold sales from its reserves—at an initial rate of 300,000 oz a month—to help protect the dollar, the authorities claimed that this too was in the interests of gradual demonetisation. But in November last year, when President Carter announced that the Treasury was increasing gold sales to 1.5m oz a month as part of a package of sweeping moves to arrest the by then seemingly unstoppable decline of the dollar, it became clear that U.S. policy on gold had in fact undergone an important psychological U-turn.

The U.S. decision to sell large amounts of gold—or to "realise its reserves," as European central bankers had been urging the Administration to do for months — was motivated primarily not by the desire to undermine the gold price but rather to take advantage of it to finance the payments deficit.

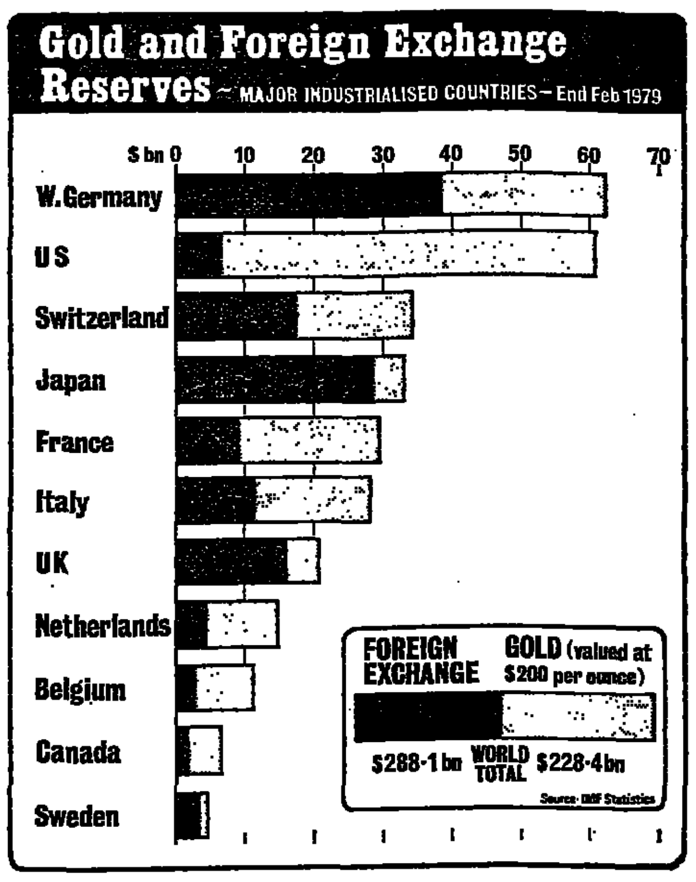
More important, the Administration's recourse to its gold reserves was meant to be viewed both by other central banks and by operators in the foreign exchange market as a gesture of overriding monetary significance—underlining the U.S. Government's commitment to a stable dollar—which went far beyond the only moderate direct help which the mechanics of the operation actually gave to financing the deficit. The implications were quite obviously greater than if the U.S. had decided, say, to sell off stockpiles of tin or cotton.

Component

The package of November measures also contained another component which had long been called for by monetary authorities in Europe and had important implications for gold—the move by the U.S. Treasury to borrow foreign currencies on the international capital markets and from the IMF in order to fund its intervention support of the dollar. This decision, under which the U.S. undertook to build up for the first time ever a significant stock of foreign currencies in its reserves, formalised the growing role as official reserve assets of the non-dollar currencies, particularly the Deutsche Mark, which had been in evidence for at least the past five years.

Statements by American monetary officials over the past few months have admitted that the November package contained implicit acceptance by the U.S. of a reduced international role for the dollar—giving an important boost to the overall growth of a multiple reserve currency system of which the increasing monetary importance of gold has been just one manifestation.

The effect of the November measures on the gold price was to bring about a $30 slump within the space of three days—something which could be said to give the gold sales move a residual amount of demonetisation justification. But since then the price has risen strongly again in spite of the American success in strengthening the dollar. If U.S. gold policy had been still primarily geared to restricting the rise in the world price, it would have continued with the level of gold sales announced in November.



But in fact in view of the dollar's stability and the improvement in the current account position the U.S. in April decided to cut by half, back to 750,000 oz, the amount of gold on offer at the monthly auctions. The move, which led to a rise of $40 in the gold price within a month, confirmed as eloquently as anything that has happened so far that the U.S. now regards gold auctions primarily as a monetary regulator to influence the value of the dollar rather than as a prime weapon of demonetisation.

Quite apart from this apparent shift in thinking by the U.S. authorities, weakening world confidence in the dollar and its fall against the hard currencies over the past two years have also led to important changes in the attitudes towards gold of leading European central banks. France, in direct contrast to the Americans, had always been a leading proponent of the monetary role of gold. Other countries like Germany, the second largest holder of gold in the West after the U.S., had adopted a more neutral view of the metal. Now there are signs that in Europe the French position is gaining the upper hand.

The most direct illustration of this has been the growing number of major central banks to follow the lead taken by France in January 1975 in revaluing their gold holdings from the old official price of $42.22 or SDR 35 an ounce. Up to the end of 1977 only Italy out of the major gold-holding countries had joined the move to revalue gold reserves. But since then Germany, the Netherlands, Britain and Austria, as well as South Africa, have brought their valuation procedures more into line with the market, while the Swiss National Bank has also upgraded significantly the contribution gold makes to its balance sheet.

The main impetus for these moves has been the decline of the dollar. Particularly last year this led to large depreciation requirements for the important group of Continental central banks which hold the vast majority of their foreign currency reserves in dollars but value them in terms of their own—and rapidly appreciating—currencies. Germany, Switzerland and Austria, whose currencies had appreciated most against the dollar, were hit hardest. The German Bundesbank has faced write-off needs of some DM 7bn each year for the last three years.

One of the few practicable ways of helping to cover the book losses on their foreign exchange holdings last year was to realise part of the significant under-valuation of their gold reserves, which had been valued years before in terms of Deutsche Marks, Swiss francs or Austrian schillings per kilo at a level equal to the then official price. Thus at the end of 1978 the Bundesbank revalued its holdings from an effective rate of DM 3,830 per kilo ($62 per ounce) to DM 4,630 per kilo ($75 per ounce), and the Austrian National Bank from Sch 27,600 per kilo ($56 per ounce) to Sch 45,000 per kilo ($99 per ounce).

Dropped

Switzerland dropped the idea of a formal gold revaluation because of legal difficulties, and so kept unchanged the valuation rate of SwFr 4,596 per kilo ($82 per ounce) set in 1971. Instead, it covered the depreciation requirement by *drawing on extra reserves* specially constituted to make up for the difference between the market price of its gold holdings and its valuation price—an elegant accounting device which in fact had the same effect on the balance sheet as a formal revaluation.

None of these three countries, or Holland, which revalued its holdings in mid 1978, brought their valuation as close to the market price as France, Italy or Britain, which revalued its reserves up to the market level less 25 per cent discount on March 31 this year. Nor, it can be argued, have the moves by any of these central banks led to any real increase in world reserves. Since the changes in the IMF articles, central banks have anyway been free to trade gold among themselves at market-related prices (though none of the major ones has done this so far), regardless of the accounting base used to value the gold in their reserves.

None the less, the move towards market related valuation, especially by the Bundesbank, which had long resisted any change in its treatment of gold, is an important symbol of the reassessment of gold's role which has taken place. It seems highly unlikely that the move will lead to central bank agreement on a "floor price" for gold, as has been suggested by some market commentators.

But the point about the increased reserve importance of gold is borne out by some simple figures. At $42.22 per ounce the gold reserves of the Group of Ten and Switzerland are worth $35.1bn, or 25 per cent of their foreign exchange reserves; at a market-related level, say $200 to give a suitably large discount, they are worth $171.5bn or nearly 25 per cent more than the value of foreign exchange holdings.

The accounting changes represent just one aspect of the European change of heart about gold. The setting up of the European Monetary System (EMS), the product of a Franco-German initiative to protect European currencies from the worst excesses of gyrations in the dollar, has promoted gold to a central role as a means of settlement among European central banks.

Under the scheme, which formally got under way on March 13, central banks of the eight countries initially *participating deposited with* the European Monetary Co-operation Fund 20 per cent of their dollar and gold reserves in order to fund a first issue of European Currency Units. A stock of these currency composites is held by each central bank in order to finance intra-EEC settlements.

The important aspect as far as gold is concerned was the valuation procedure for the gold component of the pooled reserves—the average market price over the six previous months or the market price of the penultimate working day, whichever is the lower (in order to avoid valuation above the prevailing market price).

The technicalities of the procedure mark something of a triumph for France, the most gold-minded member of the Community. Germany had initially held out for valuation at a discount of 25 per cent rather than at a level so closely related to the market. But the most important effect is that deployment of gold in this way to back the issue of ECUs considerably increases the mobilisable portion of EEC countries' monetary reserves.

Especially for countries like France, Belgium and the Netherlands, whose gold reserves are large in relation to their foreign exchange holdings, the mechanism allows EEC countries to use directly their gold reserves at market prices to pay intervention debts while at the same time sparing them the risk which this sort of transaction would normally entail of upsetting the price on the international market.

Neutral

It has been one of the surprises of the world monetary scene that Germany, noted both for its neutral position on gold and for its opposition to mechanisms which inflate world liquidity, last year did not make greater efforts to tone down the French initiative to promote the use of gold in the EMS. Also contrary to expectations has been the U.S. attitude towards the role of gold in the monetary system. Last summer Bonn Government officials were predicting that the gold issue could be a major stumbling block with the Americans, but up to now the U.S. has shown no sign of disapproval of the clear remonetisation moves being *carried out by its European* allies.

It is true that with the scheme still only in its infancy and with central banks' stocks of ECUs hardly touched up to now, gold so far has played no practical part in the running of the EMS. But especially if the French franc or the Italian lira comes under strain and the Bank of France or the Bank of Italy is forced to draw heavily on its gold-backed ECUs, then the way that the EMS has remonetised gold is likely to become transparently obvious. How the U.S. then reacts will provide a good pointer to whether the world at large really has come to terms with the monetary rebirth of the yellow metal.

David Marsh

Centres CONTINUED FROM PREVIOUS PAGE

*The growing internationalisa*n of the old business has ant that there is a bigger e to share and both London Zurich bullion houses have doubtedly benefited. But they e also found that they have share the cake with many re people. The exclusivity the London and Zurich gold rkets does not extend to ig Kong and New York. *ey have to pitch in with everyone else.*

Of the two groups the London bullion houses have faced the greatest upheaval over the past decade. The closure of the London gold pool in 1968 was a very severe setback for London. The South Africans switched a large part of their gold shipments to Zurich and for a number of years London was left with the scraps of the *international gold trade. Unlike* the Swiss, UK citizens are not allowed to own gold so the UK bullion houses had no home market to fall back on.

Given this adverse set of circumstances the London bullion houses appear to have survived surprisingly well. They have won back some of the South African gold trade although the Swiss are still believed to do the bulk of the business. Swiss Bank Corporation, for instance, recently revealed in an interview with the Wall Street Journal that it had sold 28m oz of gold in 1977—more than South Africa's entire output.

If anything, the Swiss banks did not make the most of the opportunity in 1968 when they had effectively cornered the marketing of the world's gold. For a short time they held all the trump cards and could have put the London market out of business but they failed to capitalise on their advantage and now the gold business has changed so much that even the Swiss banks are finding it hard to retain their grip.

From an early stage the London bullion houses have tended to be more international than the Swiss banks and this has helped them retain their *international position. When the* Hong Kong market opened up following the lifting of official restrictions on bullion imports in early 1974 the British bullion houses became involved fairly rapidly. N. M. Rothschild moved into the Colony first, followed by Mocatta and Sharps Pixley; Johnson Matthey opened last year. Samuel Montagu is the only trader not represented directly although it has traditionally strong connections with the area.

Turnover

There are in fact two gold markets in Hong Kong. The Chinese market deals in tael bars and there is an additional international market which deals "loco-London." Last summer one participant estimated that turnover was running at between 300,000 oz and 400,000 oz per day. An added attraction of this market is that it is the only international bullion market open on Saturdays. Aside from Hong Kong, regional gold markets are also developing in Singapore and Sydney.

At roughly the same time as Hong Kong started to develop as a gold centre America legalised gold ownership and for a time there was a feeling that demand for physical gold in the U.S. would take off rapidly. Samuel Montagu, for example, went into a joint venture with Handy and Harman and Merrill Lynch to market gold to private investors. But this was not particularly successful and has been wound down.

Since then the London dealers have concentrated on arbitraging physical gold with the New York and Chicago futures markets and only Mocatta Metals Corporation, an affiliate of Mocatta and Goldsmid, has carved out a big niche in the pure futures market. The others have generally opted to leave futures trading for clients to the big commission houses such as Merrill Lynch. To some extent the growth of the U.S. futures market has siphoned business away from the traditional bullion dealers. Comex, in particular, has attracted a lot of Far Eastern business.

Attracted

Investors that would traditionally have put money in gold bullion during the recent currency crises have been attracted by the liquidity of the U.S. futures markets and it is arguable that some business will have been lost to London and Zurich as a result. The growth of the futures market has led, however, to a parallel growth of a "loco-London" market and rising futures activity leads to a greater need for warehouse stocks.

Both the London and Zurich markets are very much physical markets as opposed to the paper markets of New York and Chicago. The London and *Zurich dealers argue that they* are sticking to what they know best — physical gold. A lot of skill and expertise is needed to ship, refine and insure gold and Europe is very good at it. The Americans do not dispute this, and the big physical markets are likely to remain mainly controlled by London and Zurich.

The emphasis on physical trading has meant, however, *that both Zurich and London* have largely missed out on the boom in futures trading. Similarly the growth of gold certificates issued by U.S. banks such as Citibank and First Chicago is another area where they are lagging behind. Zurich and London have a tremendous tradition and position in the gold market but if it continues to change at its current pace their overall influence is likely to decline further over the long term.

William Hall

Booming futures market

THE METEORIC growth of the U.S. gold futures markets over the last three years has caught everyone by surprise. From being a rather esoteric market less than five years ago the prices struck on the U.S. gold futures markets now set the international pattern. London may still "fix" the price twice daily but dealers are always conscious of the need to keep a close eye on the New York and Chicago futures prices. They are the ones which now give the lead.

The statistics of the markets growth are quite awesome. Gold futures trading started immediately after the U.S. lifted the ban on private gold ownership at the end of 1974. In the first couple of years nothing much happened. Comex traded around 40,000 contracts per month of 100 oz each and the International Monetary Market IMM in Chicago 30,000 contracts.

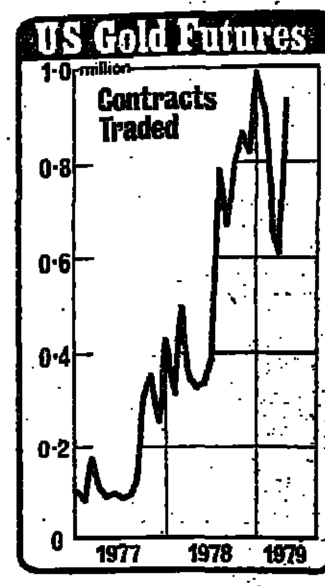
Then all of a sudden gold futures trading took off. In early 1977 the combined monthly total of gold futures contracts traded on Comex and the IMM was still less than 100,000. By the end of the year the number had trebled to over 300,000 per month and by the end of last year the figures had once again more than trebled and volume was running at close to 1m contracts per month. To put this in perspective 1m gold futures contracts are the equivalent of 100m oz of physical gold. This is more than double the annual free world gold production.

In 1978 Comex and IMM together traded 6.55m contracts which would have resulted in over 20,000 tonnes changing hands if everyone took delivery. Of course, only about 2 per cent do take delivery—the rest close out their contracts beforehand. This is what makes the U.S. gold futures market so different from the traditional gold markets of London and Zurich. The latter are "physical" markets—unlike the U.S. markets. This is having repercussions which are still not completely clear but which are leading to major upheavals in gold dealing.

The members of the Zurich Gold Pool and the five London bullion houses may still dominate the market for physical gold but the big U.S. commission houses are becoming powerful forces in the fast growing futures markets to which many traditional gold investors are gravitating. Trading volume in the U.S. futures markets probably now exceeds the volumes in all other gold markets combined, although no one is really sure since those involved in non-U.S. gold markets refuse to reveal the volume of business transacted.

The success of the U.S. gold futures market is slightly baffling. True, the dollar crisis last year stimulated interest in gold futures but this is by no means the whole explanation. Clearly, there are a number of other reasons.

The first, which is often overlooked is that Americans are very good at marketing and both the Chicago and New York futures markets went out and sold themselves to an initially sceptical investment community. Aggressive advertising in America and European newspapers helped spread the word that gold futures were a rather useful tool.



Security

For anyone wanting exposure to the bullion market this was obviously true once the market started to take off. Traditionally, investors/speculators had bought physical gold and many still do. But this presents problems of security, assay fees, etc. Another alternative was to invest in South African gold shares. If the dollar looked shaky and Wall Street looked sick an investor could ring up his broker and buy 1,000 West Driefs. This was easier than buying physical gold but still had its problems.

First, there was the political problem that most gold mines are based in South Africa. Secondly an investor has to also decide on such technical things as the life of the mine, ore grades and management capabilities—all of which affects the share value.

For an investor wanting a ride on the bullion price gold futures hold a number of attractions. Unlike holding physical gold there is none of the problems of storing it and in addition one can buy it on small margins so that even the smallest investor who could not afford a 100 oz bar, ($27,500 at current prices) can get in on the action. Compared with gold share trading there are also obvious attractions, of which the most important was that investors did not have to bother about assessing individual shares—futures trading is a "*pure*" gold investment.

The gold futures market has fed on its own success so that no major investor can now afford to ignore it. It tends to be much more liquid than the physical markets which means that bigger deals can be transacted with less difficulty and more cheaply. Today, one finds everyone from the Russians to Italian jewellery makers operating in the U.S. futures markets. There are, however, basically two main types of operator.

The first, and far and away the most important, is the speculator. He takes a view on the price of gold in much the same way as he does about silver, platinum or the infamous pork bellies and acts accordingly. His only concern is with price movements. That is how he makes his money. But his involvement does provide the market with liquidity.

The second main users of the futures market are the "hedgers." This type of operator is concerned with using the market as either a marketing tool or a means of protection against adverse price movements. A producer, for example, that believes the gold price is going to fall before he markets his output will use the futures market to protect himself. Similarly, a fabricator that wants a steady stream of gold at stable prices for jewellery manufacture will also enter the futures market.

Other big users of the futures markets are the physical gold dealers. The Swiss banks and the London bullion houses actively arbitrage between the physical market and the futures market and use it to protect the value of their own metal stocks.

Apart from the gold futures markets in the U.S., similar markets have been established in Sydney and Singapore, and Hong Kong operates what is known as a "spot-futures" market—dealers can choose not to take delivery if they so wish. London offers forward delivery of gold—a type of futures contract—and one or two dealers offer gold options. There have even been suggestions that London might set up a formal futures market at some stage.

But not everyone is entirely happy about the phenomenal growth of gold futures. The Swiss banks in particular argue that speculative moves in New York and Chicago make the price much more volatile. The ability to put up a small deposit/margin gives investors much more leverage, which can only make the price that much more sensitive to wild rumours.

After so long at the centre of gold trading the Swiss banks naturally feel rather unhappy that their influence over the price is being undermined by other markets. But there is no doubt that the growth of futures trading has made the market that much more volatile.

In the old days London and Zurich were the price setters. Each morning the price was not much different from the previous afternoon's London fix. However, the growth of Hong Kong and New York means that prices can move quite markedly while London is closed.

William Hall

U.S. FUTURES
(No. of contracts traded)

	International Monetary Market	Comex
1975	406,968	393,517
1976	340,921	479,363
1977	908,180	981,551
1978	2,812,870	3,742,378
Peak daily trade	28,325 (31/10/78)	67,934 (27/12/78)
Open interest*	72,242 (4/6/79)	162,519 (1/6/79)

* Contracts not at the time offset by opposite futures transactions. A good indicator of speculative activity.

Coins in demand

THE LAW forbidding the import of gold coins into the UK has led to a decline in the number of coins in this country in recent years. The domestic pool cannot be legally increased, since only authorised dealers can import them, and then only for resale abroad.

Buying interest in the UK has been heavily directed towards the krugerrand, to the extent that the high premiums commanded by other coins make them of interest only to numismatists. Gold sovereigns form part of this group, and can be divided into New Sovereigns, carrying the present Queen's head, and Old Sovereigns, which are at present at something of a premium, particularly in the international market. The domestic premium of the Old Sovereign over the New is around £5, but this rises to £10 for international delivery, underlying the greater demand abroad for the coin.

Other coins of numisatic interest include U.S. Eagles of $20, $10, and $5 denomination. At present the $20 coin, known as the Double Eagle, has a value of some $450 compared with only $300 at the beginning of the year. Over the same period one ounce of gold has appreciated from $225½ to $275, making the American coin a particularly attractive investment.

Scarcity plays a major part in the sharp rise in value of numismatic coins, since the world will never be flooded with vast quantities of them, and in many cases no more can ever be produced. The Old Sovereign is an obvious example.

Barrier

Apart from these numismatic coins, there is another group which consists of gold bullion minted in the form of a coin. These coins are in no way scarce, except where there is a legal barrier against their increase in number. The classic example is the South African krugerrand, which is simply one ounce of pure gold.

The krugerrand commands a premium of perhaps 2 per cent or 3 per cent over the current gold bullion price in the international market, but has the advantage over bullion that almost anyone can become a gold investor for a relatively small initial outlay.

In Britain the situation is somewhat different, with the krugerrand selling at a much higher premium than abroad. This is because the number of coins in the country cannot be legally increased, following legislation passed in 1975.

In the early 1970s krugerrands came flooding into the country to satisfy the demand for gold ownership. The 1975 law prohibiting the import of any more coins increased this demand still further, with krugerrand prices rising to 34 per cent higher than the gold price, only to fall sharply the following year.

At the end of August, 1976, gold fell to around $103 (£58) an ounce, and it was possible to buy a krugerrand fror $109 (£61). The sharp premium over the price of gold disappeared, and with a fall in UK demand for the krugerrand, the price in the domestic market was about the same as the international price.

With the erosion of the domestic premium, coins began to leak into the international market, and since the import of gold coins had become illegal they were never to return—not by legal methods anyway. The problem is that as the domestic pool of gold coins diminishes at times of low domestic interest, so the encouragement to smuggle them into the country becomes greater when the price shoots up again.

When gold rose to around $250 in February, which was then a record level, the krugerrand's premium in the domestic market increased to 16 per cent, compared with an international premium of only 3 per cent. The UK price was about $30 higher than in the international market.

The sharp rise in the price of gold last month did not produce quite such a high domestic premium. On May 24 gold closed at $264¾, compared with $248½ on February 26, but the krugerrand price for UK delivery was almost the same on both dates, at about $285¼.

Over the same period the international premium remained around 3 per cent, but even a $10 premium over the gold price is enough to keep South Africa happy.

Last year world wide sales of krugerrands totalled 6m, nearly double the previous year, and well above the previous record of 4.3m in 1975.

The U.S. market takes about half the krugerrands sold, and this big market could have encouraged America's close neighbour, Canada, to produce a rival coin. Canadian gold production was less than 2m oz in 1977, however, and the only other possible source of competition for the krugerrand is from the USSR.

Russia already produces a gold coin, known as the Chervonetz. This is much smaller than the South African coin, weighing only ¼ oz, and was first minted in 1975. Production then totalled 250,000, rising to 1m in 1976.

The Chervonetz appears to have some numismatic value, particularly the small 1975 issue, which may command a premium of around 40 per cent over its gold content.

As the price of gold moves nearer to $300 an ounce the attraction of a coin smaller than the krugerrand will grow, and this point is probably not lost on the South African authorities. The value of a ¼ oz Chervonetz may soon approach the price commanded by the 1 oz krugerrand less than three years ago.

As far as the UK market is concerned, the price of the krugerrand is already above $290, but the premium over the gold price is now only 8 per cent, or roughly half the premium in February.

Colin Millham

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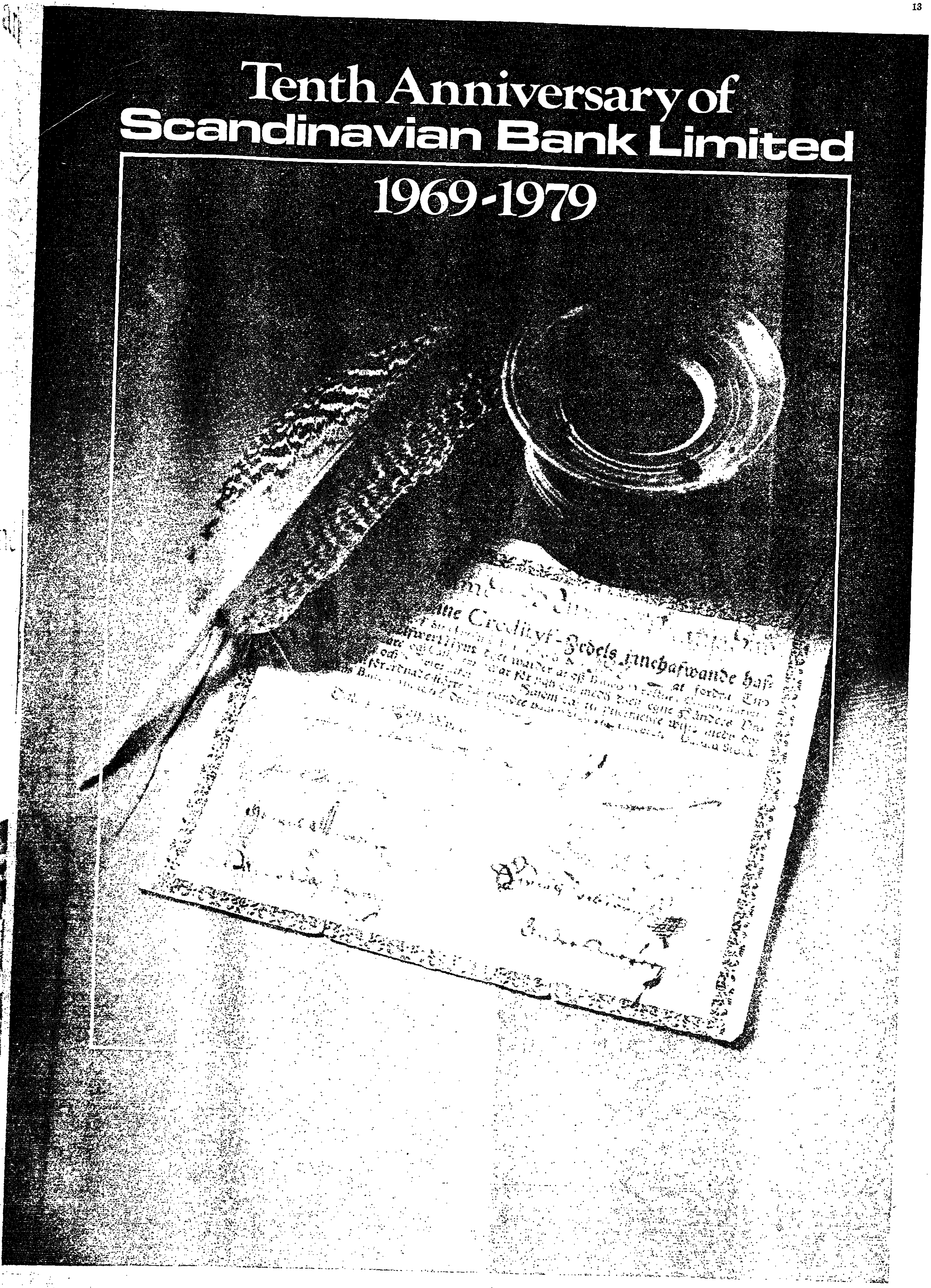

UK NEWS — LABOUR

Construction workers accept pay package

BY NICK GARNETT, LABOUR STAFF

CONSTRUCTION WORKERS, one of the last major groups in the current wage round, agreed a pay package with employers yesterday after difficult negotiations.

The deal, which will be formally ratified on Thursday will add an estimated 13 to 14 per cent to the industry's wage bill. It takes effect on June 25.

Settlement was reached when employers on the Building and Civil Engineering Joint Board agreed to consolidate a further 20p a week from the industry's guaranteed minimum bonus into basic pay. They also agreed to hold early discussions on reviewing the minimum earnings structure for the 700,000 workers covered by the deal.

Yesterday's settlement followed a rejection of the last offer by the Transport and General Workers' Union, the General and Municipal Workers' Union and the Furniture, Timber and Allied Trades Union. The Union of Construction, Allied Trades and Technicians, the largest union in the industry, had been prepared to accept it.

Mr. George Henderson, the TGWU's national construction secretary, claimed the credit for the improvements.

UCATT said it had not been prepared to mount a confrontation with employers when no new money was available. Yesterday's improvements were very marginal, it claimed.

For craft operatives, the settlement changes the standard basic wage rate from £44 to £51.60; the joint board supplement from £10.20 to £8.40 and the guaranteed minimum bonus from £8 to £7. Guaranteed minimum earnings will rise from £60.20 to £67.

The standard basic rate for labourers will be increased from £37.60 to £44; the joint board supplement from £9 to £7.20 and the guaranteed minimum bonus from £5.40 to £6. Their guaranteed minimum earnings will rise from £52 to £57.20.

Basic wage rates remain 20p higher in London and Liverpool than elsewhere.

In any talks on restructuring, the unions will be seeking further consolidation of the minimum bonus and the joint Board supplement. The supplement forms a higher percentage *of minimum earnings than it did* before the last round of pay controls.

Talks seek to avert Tube men's strike

By Our Labour Staff

LONDON TRANSPORT and the three railway unions will hold joint talks today with the Advisory, Conciliation and Arbitration Service to try to avert a Tube strike set for next Monday.

ACAS yesterday got agreement from all the parties to come in for today's talks after contracting the employers' and trade union sides separately last week.

Hopes of averting the strike, have worsened after a decision by the train drivers' union, ASLEF, to join the action called by the National Union of Railwaymen.

The executive of ASLEF, which has about 2,200 members on the Tube, decided at the weekend to act unless London Transport made a satisfactory pay offer.

An all-out strike by ASLEF members is thought unlikely, but union officials have given warning of selective strikes and other forms of industrial action.

The ASLEF executive also joined the NUR in making it clear that there would be no point in London Transport calling any further meetings of its Railway Negotiating Committee unless more money was on the table.

The NUR yesterday sent *strike instructions to its* members. British Rail staff and the few bus workers the union represents have been instructed not to do extra work or operate extra services designed to alleviate the effects of the Tube strike.

The NUR, ASLEF and the white-collar Transport Salaried Staffs Association have rejected a pay offer worth 10.3 per cent and are pressing a claim for all 23,000 Tube workers of 17-20 per cent.

Times dispute still in deadlock

By Our Labour Editor

SENIOR EXECUTIVES of Times Newspapers, whose titles have been suspended for nearly seven months, yesterday met more than 100 union officials involved in deadlocked negotiations with the company.

The meeting was addressed by Sir Denis Hamilton, chairman of Times Newspapers, who has hitherto remained in the background. His remarks were reported to be conciliatory, but no new initiative was apparent on either side.

The meeting lasted one-and-a-half hours and the company said later that the executives had been present at the invitation of the union fathers of chapel (branch chairmen). Sir Denis would respond in the next few days to their demands, which are mainly for reinstatement of the 3,100 dismissed employees.

All the signs are that the company is ready to keep The Times, The Sunday Times and the three supplements closed until the autumn if necessary in order to win concessions from the National Graphical Association about control of computer-linked terminal keyboards for typesetting.

After that there would be a thorough review of the situation, including the possibility of publishing elsewhere. The company appears determined not to sell the titles nor close them permanently even if it fails to reach agreement with the unions by then.

The only sign of progress in the dispute is the discussions between the NGA and the National Union of Journalists over whether there is scope for mutual control of electronic keyboards at some stage of the production process. The company is not involved in those talks.

Yesterday's meeting was called by the unofficial trade union liaison committee, which was formed after the shutdown. The company does not recognise the committee as a negotiating body.

Taxi protest

THOUSANDS of London taxi drivers are expected today to take part in a demonstration in London's Pall Mall in protest at the Government's failure to act quickly to increase taxi fares.

NALGO prepares to fight job cuts

BY OUR OWN CORRESPONDENT

A CONFRONTATION over jobs loomed yesterday between Britain's biggest white collar union and the Government.

The executive of the 730,000 member National and Local Government Officers Association issued an emergency motion expressing its determination to fight the Government's plans for public spending cuts.

When the union's annual conference opens in Blackpool today delegates will be asked to admit the motion to the agenda. It is expected to be debated on Thursday.

The executive is asking the conference to:

● Declare full support for branches which decide that industrial action is necessary to stop redundancies, and urge branches to co-operate with other unions in protecting jobs.

● Instruct members to refuse to perform duties attached to vacant posts and refuse to co-operate with any developments unless additional payment is provided.

● Call on the TUC to promote vigorous collective opposition to Government policy on public expenditure.

The executive fears that the Government's declared policy will result in "a further deterioration of public services which have already been subject to severe restraint in recent years."

Mr. Mike Blick, chairman of the union's local government committee, said yesterday that the union's priority during the next 12 months would be job protection.

He was speaking at a group meeting representing 450,000 members in the town halls, where delegates were told that talks on their 15 per cent pay claim are expected to begin later this month.

There is little chance of that claim being met and Mr. Blick urged that plans for any industrial action should be deferred until the employers had made their final offer.

Britain's hospitals face disruption from 80,000 NALGO administrators and clerical staff in the National Health Service who are dissatisfied over a pay claim.

Post Office improves pay offer

By Philip Bassett, Labour Staff

THE POST OFFICE is putting forward proposals to improve its pay offer to 200,000 telecommunications workers by about 3½ per cent.

Post Office negotiators have already put details of the proposals to the Society of Civil and Public Servants, and are expected to repeat the offer today to the Civil and Public Services Association.

The two unions represent clerical and computer staff in the telecommunications division. They have been taking strike action in support of their pay claim for increases of about 25 per cent. This has halted the issue of all computer-processed telephone bills.

The new offer, which has not yet been formally put to the largest telecommunications union, the Post Office Engineering Union, adds 3½ per cent to the payment for accepting grade restructuring.

The former offer, which the unions have rejected, put *forward increases of 9 per cent* in basic rates with 3½-7 per cent for grade restructuring. Those groups, including the SCPS and CPSA, whose pay date is April 1 would also receive 2½ per cent for moving their settlement date to July 1.

The new element, though, would not be paid until April next year and is conditional upon the acceptance of the Post Office's restructuring plans. Some unions are unhappy about what they see as this year's settlement being taken over to *next* year.

The corporation's restructuring plans, too, are likely to meet opposition from the POEU, which wants the offer split up to give pay increases of 15 per cent from July with talks on restructuring to give *target increases in January of a* further 10 per cent. The union has warned of action from July 1, if its claim is not met.

BL Cars strives to solve white collar pay problem

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS has taken the initiative to head off trouble from white collar unions after a one-day strike yesterday by 6,000 design workers.

TASS, the staff section of the Amalgamated Union of Engineering Workers, brought out its members in protest at the company's failure to implement a new grade structure that could yield wage increases of between 15 and 30 per cent.

BL Cars announced yesterday that it was seeking an urgent meeting with all its staff unions at which to put forward proposals to overcome the difficulties.

TASS is opposed to the company's insistence that higher payments for design workers must depend upon improved productivity on the shop floor.

Management accepts the union argument that pay for design workers has fallen out of line with that of competitors, such as Ford, but maintains that any awards must be self-financing.

BL is hardly likely to shift ground on this fundamental principle, but it may suggest other ways of qualifying for higher earnings. Instead of requiring output across the group to reach planned output levels, the company might phase the new payments over a longer period.

The one-day strike by TASS is only the first stage of a militant campaign which is intended to embrace an overtime ban, working to rule, and refusal of co-operation on the introduction of new models, such as the Mini Metro.

Safety at work catalogue

A CATALOGUE of about 1,500 Health and Safety Commission and Executive publications on health and safety at work was published yesterday by the Health and Safety Executive.

"Publications Catalogue," Health and Safety Executive. SO, £1.

Murray wants buyers to meet workers

BY OUR LABOUR STAFF

FOREIGN AND British buyers visiting factories should meet workers' representatives as well as management so that they can have ab etter appreciation of the customers' needs, Mr. Len Murray, general secretary of the TUC said yesterday.

He told the Institute of Practitioners in Adevrtising in London that trade unionists were already taking part in identifying and satisfying the interests of makers and users, suppliers and customers. "It would not take much to coax more of the mto do so," he said.

Conferences on industrial strategy earlier this year had shown that full-time union officials and shop-floor representatives from maker and user companies were very keen to gain an insight into one another's problems.

He said: "I would like to see more of the face-to-face interchange. I look forward to the day when it will be standard practice for a foreign buyer, of a British buyer, visiting a *factory to meet not only the* sales manager and the production managers but the shop steward of the works committee so that they too will hear the grumbles and complaints—and understand better the demands of the man with the money to spend if he can get what he wants when he wants."

Mr. Murray believed this would "work a lot better than newspaper leaders or a poster in the works canteen urging the workers' to pull their finger out."

On the general problems facing industry, *Mr. Murray said* British companies were spreading their world marketing too widely and too thinly. They should instead be learning from the example of their foreign competitors who appeared to be to be selecting a few key *markets and concentrating their* resources, manpower as well as money, on making a big impression on them.

"In the domestic market, the story we hear all too frequently is that makers and users and makers and retailers do not *keep closely in touch with each* other."

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Stock Exchange is ready for the 80s

FAITHFUL RETAINER for the past 10 years, and a service to the London Stock Exchange *without which the latter almost* certainly would come to a sudden stop, Market Price Display Service or MPDS is to be replaced with equipment embodying many of the latest advantages of electronic engineering.

In a closely fought contest for this prime site, Modcomp has won the order which specified that the computer equipment installed should be able to run well over 2,000 terminals, the latter figure being the current MPDS limit, in anticipation of an expansion in the subscriber base.

Significant among the specifications for the equipment is that it will be organised to present information as in Viewdata or Teletext service and, in the opinion of the head of information and communications at the Stock Exchange, Nicholas Remington-Hobbs, will represent a major advance in private Viewdata systems. It is likely to be the largest in this category for some time to come since the intention is to take over from MPDS, step by step, over the next four years. Few, *if any, such networks* now planned will reach terminal numbers of, say, 2,500 by 1982.

TOPIC, acronym for Teletex output of price information by computer, is the name of the new service.

It will greatly expand the coverage of MPDS, not only because almost twice the prices now carried will be quoted, but also because it will give data on the Traded Option Market, price indices and trends, extended reports on company results and news items of importance to dealers. Add to this the fact that a much wider area will be covered and that data will be presented in colour—so that graphics become much clearer and easier to absorb at a glance—and the appeal of Topic is obvious.

One of the hurdles the competitors for the system had to cross was that it should be able to respond to 1,000 interrogations every five seconds. This Modcomp will do, initially with two machines, in an array of equipment worth about £250,000.

While Topic will speed the external service of data presentation to brokers and jobbers as well as other takers, internally the computer services group, led by Jim Bartley, has *carried out* a task which will speed accounting procedures on the Exchange under the Tallsman computerised dealing system which has just gone into operation after several years' development.

The move is being made to transform the system into a totally electronic one and away from paper, with the knowledge that Tallsman output on paper could add up to something like three or four tons of printer product each day. This would have represented a massive storage and retrieval problem for the verification of deals concluded, and for settlement.

Output is directly from computer tape on to microfiche which takes less than 2 per cent of the space required for the equivalent film records. The media is coded for quick retrieval on a reader or reader-printer for hard copy where required.

The job to capture Talisman data has been handed over on a facilities management basis to Microgen, a company specialising in COM bureau services. However, the data handled was judged too sensitive to hand over to bureau operations and the microfilming room is on Stock Exchange premises under Microgen supervision.

Equipment used to transfer data from tape to film is by Datagraphix, which has always been considered a market leader, particularly where large operations demanding extreme reliability are concerned.

● COMPUTERS

Display for personal machine

DSM 6660 is a graphic display for use with Olivetti's P 6060 personal minicomputer. Giving a clear, flicker free, green image constructed from over 200,000 dots, the display includes a 32K solid state memory to control the refreshing of the image and to give vector erase facilities. A graphic cursor for digitising displayed data is also provided.

Image brightness is adjustable and the image itself may be inverted (dark-on-light) by program control or command. The display area is divided into two sectors: the upper user area (39 lines of 80 characters or a graphic area of 11 inches by 7.7 inches) and the lower system area (2 lines of 80 characters) for simultaneous display of system messages and keyboard entries.

When working in alphanumeric mode, the user area displays the information that would normally be printed on the integral printer. The user is able to dictate whether he requires the information to be printed, displayed on the DSM, or both. In addition, a simple program instruction or command enables a hardcopy of the display to be produced via the printer.

The image may be stored on disc for later use and may be recalled either on display or on hard copy simply and easily. Instructions are also provided for editing the image under program control.

British Olivetti, 30, Berkeley Square, London, W1X 6AH. 01-629 8807.

TV filter production increased

IN THE space of a very few *months,* Siemens AG has manufactured 2m units of a new surface-wave filter built on a lithium niobate substrate called "Liob."

The filters are used in intermediate frequency picture stages in television sets and have almost completely taken over the position once held by conventional inductive filters. A *total of nine Siemens filter* types are now available for the varied television standards in force in different parts of the world.

For many years, the electronics industry has been working on an integrated surface-wave filter to replace filter networks using discrete coils and capacitors. It was originally intended to employ a ceramic material with piezo-electric properties as the electrode structure substrate. The material's low constancy, however, turned out to be a barrier to economical batch fabrication.

With substrates made of lithium niobate ($LiNbO_3$), the three structure elements of a surface-wave filter—input converter, coupler and output converter—can be etched from an aluminium layer using a photo-lithographic process. The packaged filter measures less than one centimetre square; and no alignment is required.

Envelope delay and pulse behaviour satisfy the requirements of television sets and the electrical properties are of such constancy that these surface-wave filters had *no difficulty in* gaining the upper-hand over conventional discrete filters.

To meet high demand, Siemens has increased filter production at its Munich factory. The company's applications laboratories will also provide time-tested circuit proposals for complete video i.f. stages. Moreover, conversion of television sets already in production to include the new filter presents no problem.

Siemens House, Windmill Road, Sunbury-on-Thames, Middlesex TW16 7HS. 09327 85691.

● CONSTRUCTION

Glass in concrete

AFTER *some four years'* research and development into a high-speed process of producing glass-reinforced concrete, known as Bancem, London Brick Buildings has granted a licence to Power Sprays, of Littleton-on-Severn for all *further development,* manufacture and worldwide marketing of the system and relevant equipment.

Bancem, which is already the subject of patents in 26 countries, relies on a critical disposition of the glass fibres within *the slurry, resulting in* a material consistency much superior to any obtained by alternative methods, its developers assert.

To achieve this, a new technique of mixing has been evolved and this, coupled with *high frequency mould* vibrations, permits the production of reinforced concrete items of *extreme strength and consistent* quality.

Of equal importance, where the production of high-grade slurry for either hand or mechanical "spray up" application is required, the predetermined consistency is ensured at all times.

Bancem has potential for the production of g.r.c. moulded products either in continuous long-run situations or for the manufacture of low labour cost short runs of products.

Power Sprays is introducing a range of mixers to the market. These will be capable of controlling wet or dry mix at continuous throughputs ranging from 20 kg to 200 kg per minute.

London Brick Buildings is at Banbury House, Royal Leamington Spa, Warwicks. CV32 4JA. 0926 27131.

Improved trunking

INTRODUCED by Thorsman and Co. (UK) is an electrical and electronic cable trunking system for applications where appearance is important such as in offices, shops, and public buildings.

Using an attractive fret design in anodised aluminium or dark brown *rigid PVC,* most of the remainder is also in aluminium and in addition to ducts for ordinary electric wiring, screened cable channels can be fitted for connections to items such as visual display units, eliminating interference.

System 2000 can be fitted at window sill level and if there are central heating radiators and pipes they can be incorporated by fitting special consoles behind the ducts with venting grilles above the radiators and attractive fairings in front. Mounting pillars are available for vertical ducting.

Suitable for new installation or refurbishing work, the system allows easy installation of mains sockets and other outlets, either during the initial work or later.

More from Thor House, Yarrow Mill, Chorley, Lancs. *PR6 0LP (02572 78111).*

Safe on the scaffold

LIVE presentations of its Milltrain audio/visual training aids are to be held throughout the *country by GKN Mills Building* Services. The first is planned to take place at The Grand Hotel in Birmingham on July 25. Admission, which is free, is open to anyone with an interest in training for safety in scaffolding.

The objective of the presentations will be to demonstrate the Milltrain approach to industrial training, which is based on the programmed learning principle, to as many interested parties as possible.

Training and Safety Department, GKN Mills Building Services, Cromwell Road, Bredbury, Cheshire, SK6 2RS. *061 430 6016.*

● HANDLING

More compact mine units

MINDEV has recently demonstrated its new Mk 2 M90 loader and dinter, crawler-mounted machines.

Major improvement results from the substitution of an epicyclic gearbox in place of gear trains to drive the track sprocket from the primary hydraulic piston motor. This gives a 36 per cent increase in tractive effort and 17 per cent increase in speed over previous models. Also incorporated within the gearbox is a disc brake which automatically locks the tracks until hydraulic pressure in excess of 150 p.s.i. is applied to the motors. This is of particular advantage in gradient operation.

Electric and hydraulic components mounted on the upper *deck have been re-distributed* and overall machine height consequently lowered from 1.525m to 1.1m. This has resulted in a lower centre of gravity and even better machine stability, and in the case of the loader unit it can be readily deployed on gradients of 14 degrees.

The machines are claimed to be totally flameproof and are designed to meet not only the N.C.B. regulations but also the requirements of the 1974 Health and Safety Act.

Users will want to know that whilst major and positive technical improvements have been made, 85 per cent of the components are common to the earlier series and they thus need not increase spares stockholdings.

Mining Developments, Hor*wich, Bolton BL6 6HN.* Bolton 68521.

● RESEARCH

Coal/oil fuel tests

NOVEL WAYS to produce coal and oil mixture (COM) developed on a practical basis by Japan's Dengen Kaihatsu (Electric Power Development Corp) have attracted attention as a means to promote coal utilisation and oil conservation.

Following the declaration at the Ministerial meeting of the International Energy Agency on May 22-23 which called for a concerted effort to curtail the use of oil, the Japanese Government drafted the measures to promote development of coal *liquefaction and other oil* alternatives.

Coal liquefaction is expected to assume an important role as a main source of energy in the 1990s. COM fuel is expected to play an intermediate role as a energy source in the 1980s.

COM is a blend of finely ground coal and fuel oil, having the advantage of being transportable by pipeline and generating much higher energy than coal alone. COM-burning power plants do not require a big fuel depot.

Dengen Kaihatsu, a non-profit organisation, 70 per cent owned by the Government and the rest by the electric utility industry has been studying COM since 1976. The clue is the special surface agent which stops precipitation of fine coal during *blending with heavy oil.* This has been done.

The research has been done at a pilot plant at the Nagasaki research laboratory of Mitsubishi Heavy Industries. Mixing tests have been made on Australian and South African coal and Middle Eastern and Indonesian oils. Recently, mixtures of Chinese oil and coal and Alaskan oil and coal have been studied because large supplies from these areas are expected in the future.

In the next few months Dengen Kaihatsu will start burning tests on these fuel mixtures, in co-operation with Mitsubishi, Ishikawajima Harima Heavy Industries and Kawasaki Heavy Industries.

Through these tests, Dengen Kaihatsu believes that it will perfect the development system to produce COM on a practical basis and has applied for patents on the new COM process in the U.S., UK and Australia.

The first COM-burning thermal power plant will begin working in 1985 at the latest. *Meanwhile,* surface agent manufacturers, Kao Soap, Nippon Oil and Fat, and Lion Oil and Fat, have signed a joint research and development agreement for the surface agent. This should be available commercially by autumn this year with development costs amounting to Y500-600m.

Acoustics from light give clear image

WORK IN progress at the University of Helsinki and reported in a recent edition the IEE's Electronics Letters has given rise to a photoacoustic microscope with a resolution of a few microns that might prove useful in the study of coating, surface and sub-surface conditions of materials.

Essentially the technique consists of scanning the specimen surface in a special gas-filled cell using a chopped, narrow laser beam. At each point in the scan, light is selectively absorbed and converted to a small acoustic signals that can be detected and used to modulate say, a cathode ray tube beam that is being synchronously scanned, producing an image of the surface.

Resolution of the device is determined by the quality of the light focusing optics, and using standard objectives a spot size of a few microns has been obtained. Using a relatively inexpensive helium-neon laser and a power in the chopped beam of 3 mW, together with simple electronics, the microscope was able to produce an image consisting of 128 x 128 image points in about two minutes.

Nominal chopping frequency is 1000 Hz: reducing this gives a larger photoacoustic signal but makes the scan time longer, because the detection of signal amplitude needs a few cycles per image point.

To produce images more quickly chopper frequency and laser power have to be raised to avoid degradation of signal-to-noise ratio.

An electret microphone has been used to detect the signals, although at *sufficiently high* frequencies a piezoelectric transducer is feasible.

More from the Department of Physics, University of Helsinki, Siltavuorenpenger 20D, 00170 Helsinki 17, Finland.

● MATERIALS

Will retard flame

AN EPOXY polyester web tape only 0.14 mm thick (5.5 "thou") *with flame retardant properties* has been launched by 3M United Kingdom.

Known as Scotch No. 10, its applications will include use as an outer wrap for bobbins and stick-wound coils, for lead anchoring, interleaving, and for banding and strapping in transformers.

The tape has been subjected to the Underwriters Laboratories tests for flame retardance and has been recognised for temperatures up to 150 deg C.

The tape's white backing provides good contrast for a variety of marking inks.

More from P.O. Box 1 Bracknell RG12 1JU (0344 26727).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A school view of industry

THE TRANSITION from school to industry can be a "traumatic experience," according to Gerry Richardson, managing director of ICFC-Numas, the management consultancy arm of Finance for Industry, which is itself backed by the English and Scottish clearing banks and the Bank of England.

This long-held belief of Richardson's is behind the launch of a new initiative to create a better understanding among school students of what is involved in industry and what its role is. Organised and administered by ICFC-Numas, the scheme—called Understanding Industry—has the backing of the Department of Industry, over 40 companies, several local education authorities and FFI.

The project involves a series of eight lectures to groups of pupils in schools by businessmen and trade union representatives. The lectures cover, firstly, a broad description of industry, followed by more detailed talks on finance, marketing, technology, manufacturing, and production, accountants and accounting, and human relations. The final session involves a summary, a short test and a discussion.

A recently-completed, nine month pilot project within 14 schools in Lancashire, the Thames Valley and Wiltshire, has enabled an assessment committee to analyse the effectiveness of the scheme and to suggest refinements. For example, initially the project was designed to ensure no disruption of school curricula and minimum involvement of teachers, but because teachers wanted greater involvement this has been catered for.

All speakers are provided with a standard text for their lectures — prepared by ICFC-Numas — although their own experiences and descriptions of their companies can be incorporated. Speakers should also get a briefing at the school at which they are to lecture and will be advised of various teaching techniques. This format is designed to overcome the undoubted inexperience of industrialists in communicating with school students.

The organisers and assessment committee feel there has been an encouraging response from students to the lectures, which are spread out over one year and, ideally, embrace speakers from various types of company—large, small, public and private, and involving manufacturing and service activities.

Discussions are under way for a further 100 schools to participate in the project and efforts continue to get increased sponsorship from companies within different local education authority areas. The aim is to get both financial sponsorship—a suggested basis being £50 from companies employing 50 or less people, £100 from those with 50 to 200 and £200 from those with over 200 employees—and speakers, who participate on a voluntary basis.

John Wyles on a U.S. automotive supply corporation's efforts to counteract the effects of industry cycles

Eaton's unceasing struggle for recognition

Space shuttles, air traffic control and fork lift trucks are just a small sample of the wide range of industries across which Eaton is spread.

FOR EATON CORPORATION glamour has always been more difficult to acquire than for other companies. Since its humble origins in 1911 as a New Jersey truck axle manufacturer, Eaton has grown, indeed blossomed, through acquisitions into a major force in the worldwide auto supply industry with 200 plants on five continents and with sales last year approaching $3bn. But typical of Eaton's frustrations is the fact that after spending around $450m buying new businesses last year, it should still finish 1978 as number 101 on the Fortune list of the 500 largest U.S. industrial companies.

Few other large corporations try harder than Eaton to do the right thing by their employees and shareholders, but many more gain easier recognition of their virtues. Perhaps this is the price to be paid for being headquartered in unglamorous and technically bankrupt Cleveland, Ohio, or the penalty for manufacturing parts for final products which carry household names such as General Motors, Ford or International Harvester. But Eaton never ceases to struggle for recognition and last year it swept two companies under its corporate wing—Cutler Hammer and Kenway Inc.—which may do much to move its centre of public gravity away from the underside of a truck.

These were two of a trio of acquisitions—the third being Samuel Moore, an Ohio based manufacturer of plastic and metal tubing products—which represented a recognition at Eaton that a diversification programme begun in the 1960s had failed to provide adequate shelter from the peaks and troughs of the auto industry cycle.

Although Eaton made literally dozens of acquisitions in the 1960s, the most notable was the purchase of Yale and Towne Manufacturing Company, whose main product lines were locks, industrial trucks and hoisting equipment. In 1963, as a result, Eaton Manufacturing Company became Eaton Yale and Towne which, after further mergers became Eaton Corporation in 1971. By then sales were approaching $1.2bn and the company's assets spanned five continents. But despite operating five broad product groups — truck components, automotive controls, industrial and security products and materials handling—the company still had a soft underbelly. Thus in the mild 1969-1970 recession, Eaton's earnings fell from $60.9m to $47.3m and its sales from $1.054bn to $997.4m.

Two of the businesses which came with Yale and Towne—locks and fork-lift trucks—consistently failed to provide the earnings which had been hoped for and, significantly, Eaton sold off the securities products segment last year.

Analysts who follow the company, such as Peter Zaglio of Loeb Rhoades Hornblower, have long recognised that Eaton's major markets may lead or lag one another during a cycle. "But the leads and lags have not been sufficiently long to provide overall balance to consolidated results. A typical cycle would find Eaton's major markets turning in this sequence: automobiles, light duty trucks, heavy duty trucks, industrial vehicles and off highway equipment and, lastly, non-electrical machinery," says Zaglio.

Mr. E. M. (Dell) de Windt (favourite motto "behold the turtle. He make progress only when his neck is out"), chairman and chief executive, acknowledges that five years ago his company felt that it had done the right things "and that we were immune to a large drop in earnings. But 1975 was a rude awakening." This was the year when the full blast of the OPEC-oil induced recession took the legs away from the car and the truck markets, although its impact on Eaton and the truck industry was sharpened by new government regulations which prompted an advance truck purchasing spree in 1974 and left the market for dead in 1975.

Eaton's sales in 1975 dropped by 11.4 per cent but its profits plummeted 47 per cent from $89.9m in 1974 to $47m. This wrenching experience drove home the message that recession could indeed still take a sword to Eaton's balance-sheet and the company was still far too dependent on its basic business of manufacturing everything from axles to valves for the automobile industry.

Robert Brown, executive vice-president for corporate development, set to work with a small team to identify possible take-over targets. "We decided that we needed to add new businesses with combined annual sales of $750m and with a growth potential equal to gross national product," says Brown. Within the general span of its automotive operations, Eaton had become particularly concerned about the vigorous growth of the market for its heavy duty truck transmissions in the post-1975 recovery. In 1976, these were accounting for more than 30 per cent of sales.

Fresh urgency was therefore given to the analysis Mr. Brown was conducting into 3,000 companies in 15 to 20 different markets. He and his team whittled down their numbers to 25 or 30 for closer analysis and finally the candidates for acquisition were reduced to five which were judged to be of the right size and market leadership.

But identifying targets, albeit laborious, is one thing. Persuading them to surrender their independence is quite another. In October 1977, Eaton appeared to be identifying its priorities when it paid court to Carborundum, a leading manufacturer of industrial abrasives. But Eaton's $364m offer was deemed inadequate by Carborundum's management which went in search of a "white knight." This mantle was eventually donned by Kennecott Copper Corporation many of whose shareholders were subsequently deeply dubious about the value eventually obtained for a purchase price of $567m.

With sales of $613.9m in 1976, Carborundum was close to satisfying Eaton's main criteria for an acquisition. Its earnings had nearly doubled during the 1972 to 1976 period when Eaton's were seesawing. It was well established in a number of markets but it was also the owner of growth businesses in the natural resources area. Its management had a good reputation for marketing and technical skills.

Unhappily, however, it had opted for different ownership and so Eaton was forced to consider some of its other five most favoured companies.

Private approaches to Cutler Hammer, an 86-year-old electronics company with sales in 1977 of $510.6m, had already revealed an earnest desire to remain independent but early in 1978 a complicated takeover battle swirling around Cutler Hammer worked to Eaton's favour.

After waging a protracted battle for control, Tyco Laboratories abruptly decided to sell its 32 per cent stake in Cutler Hammer to Eaton for $117.5m. Full control was subsequently acquired through a tender offer which brought the total purchase price to Eaton to around $378.5m. Why was Eaton so interested in this Milwaukee based electronics and electrical equipment manufacturers?

"We felt that Cutler Hammer's technology would meld nicely with Eaton's electro-mechanical strengths—we had a nucleus in electronics but we were on the fringes," says de Windt. He adds that synergism — the dynamic interaction which produces stronger growth for two combined businesses than they would achieve individually—was not by any means a prime aim. "Anything which comes from mating is a plus; we were just looking for a good business," adds de Windt.

In most analysts' judgment, Eaton has found one in Cutler Hammer. With major operating subsidiaries in Bedford, Paris, Madrid, Johannesburg, Milan, Lagos, Nigeria and Kitwe, Zambia, Cutler Hammer's net income has climbed from $16.925m on sales of $379.1m in 1974 to $33.3m on sales of $5.678.6m in 1978. Its products range from semi-conductor manufacturing equipment to a variety of electronic control systems for ships, harbour guidance, air traffic control, aircraft, spacecraft and power hand tools.

In essence Eaton's electro-mechanical products and valves are as technically disatnt from Cutler Hammer's most advanced products as the Kitty Hawk from the space shuttle. But at a time when electronic components are becoming increasingly important in passenger car design and when its main rivals such as Bendix and Dana Corporation are developing such products, the synergistic possibilities for Eaton are obvious. As soon as the news of the Cutler Hammer acquisition broke, de Windt took a number of phone calls from companies offering to buy Cutler Hammer's AIL division whose major customer for its advanced control systems is the U.S. government. Its sophisticated electronics have won this company a growing reputation and its potential for growth is extremely highly rated.

But another of Eaton's acquisitions last year, Kenway Inc. of Salt Lake City, Utah, also looks to have intriguing possibilities.

Little more than 12 years old, Kenway has been unobtrusively nurtured by Eaton for about eight years during which time it has had a 22 per cent stake in the company and three directors on its board.

With venture capital supplied by Eaton, Kenway has become one of the major factors in the automated materials handling market in the U.S.

At the moment the market is small—$190m last year—but Kenway's customers for systems which automatically deliver components to the point of manufacture and provide for precise control of inventories already include such blue chip names as Eastman Kodak, General Motors and International Harvester. The company delivered $50m of products last year, expects to deliver more than $75m this year and has an order book of over $100m. Its projection of $250m in shipments in 10 years is probably as conservative as its expectation of an 18 per cent annual growth of the market.

Kenway's management had resisted a full takeover by Eaton so as to retain the incentive to build among its managers and technicians but last year it decided that the time was ripe and that its customers wanted to deal with a company with the evident financial strength to handle contracts of $20m and upward.

The major question mark now is whether Eaton can maintain the momentum and managerial initiative which made both Cutler Hammer and Kenway such attractive propositions. At the end of last August, Eaton consolidated its operations into two areas: transportation products and industrial products; and Edmund Fitzgerald, the former chairman and chief executive of Cutler Hammer was put in charge of the industrial products group which includes most of Cutler Hammer activities and some traditional Eaton businesses.

Kenway managers say that life with the "new Eaton" does not feel any different than it did before the merger and de Windt and his colleagues are happy for the time being to leave Cutler Hammer virtually as a separate company, although some duplication of management services is being slowly eliminated. Cutler Hammer's capital spending plans have, he says, been incorporated into Eaton's budgeting without significant amendment. But the true test not only of the wisdom of Eaton's selections for acquisition, but also its management judgment on corporate strategy may well come when the traditional businesses are suffering time honoured trials inflicted by the automotive cycle.

Competition for resources could then be greater and much could hang on how well Eaton can then satisfy the claims for venture and development capital which electronic businesses are so adept at making.

BOOK REVIEW

BY GILES MERRITT

Success in the Euro-circus

Doing Business in the European Community by John Drew. Butterworth, Sevenoaks, Kent.

"COMMUNITY LAWS do not impinge very much on the average business from one day to another. Therefore the value to business of a detailed knowledge of community policies should not be exaggerated."

The above is a disarmingly frank admission to find in a book entitled "Doing business in the European Community." But rather than discourage the reader it should give a clue to the no nonsense approach that its author, John Drew, has brought to the sometimes baffling world of Brussels.

Mr. Drew, who is head of international affairs at Rank Xerox, introduces his book with the statement: "Business inside the community needs to take more note of the industrial and legal framework which is being developed. Business outside the community needs to consider the implications of a large market of 260m consumers and of trade agreements, quotas, aid and treaties, now negotiated centrally in Brussels and no longer bilaterally with member states."

Those two passages might, at first sight, seem contradictory. But the truth of the matter is that he has produced a book that does not attempt the task of being a salesman's manual for tackling free EEC markets. His book is an original and readable study of how the common market ticks. Not so much a working tool for export managers as an assessment for senior management and boardrooms of the changing economic and political ground rules that will determine the future of European business.

There is a key passage in the foreword to the book by Roy Jenkins, president of the European Commission, which reads "There is still a great deal of misunderstanding — for which we in the European commission must bear our share of responsibility — about how the community affects business, and how British exporters, indeed all those who do business in the EEC, can make the most of the opportunities provided by the common market." For the value of John Drew's book is that it works hard at dispelling misunderstanding about the Eurocrats themselves and the policies they are trying to frame.

Through the lively device of inviting top commission officials to contribute accounts of how they spend their day, and of scattering extracts from newspaper and magazine articles to break up the text, John Drew has made his analysis of the community more light and readable than the subject matter might suggest. These "boxes" range from details of Euro MPs' pay to an explanation of the tasks of an EEC commissioner by budget commissioner, Christopher Tugendhat.

Presenting the human face of Brussels is no bad thing, but the chief strength of "Doing Business in the European Community" is its explanation of different aspects of EEC policy. Industrial policy, competition rules, external arrangements, monetary co-operation, agriculture, energy and the budget are just some of the topics dealt with in a clear and objective style. Just as valuable, perhaps, are the sections explaining how Brussels functions and negotiates and what are the component parts of what has been dubbed the Euro-circus.

LOMBARD

A two-way pull on gold prices

BY KENNETH MARSTON

THE MOST important development in the gold scene last year was not the rise in the bullion price from $165 to $226 per ounce, but its achievement of an international monetary standing that outclassed that of the U.S. dollar.

As Christopher Glynn says in Gold 1979, the annual review of the bullion market produced by Consolidated Gold Fields: "It is now certain that the acquisition and use of bullion will provide a constant feature of prudent asset management both in private portfolios and official reserves."

Ironically, the major factor in bringing gold in out of the cold was the action of the U.S. Treasury in launching its monthly auctions of gold which at one time amounted to 1.5m ounces, not so very far short of South Africa's total monthly production of around 1.9m ounces. Ostensibly designed as a support measure for the dollar, the U.S. sales were seen in other quarters as another move in the battle to reduce the standing of the metal against that of the dollar: to finally demonetise gold.

Misfired

If this was the case, the move misfired. The more gold that was offered the more eagerly it was snapped up at rising prices. Total gold sales last year are estimated at no less than $10.8bn compared with the previous record of $7.8bn in 1977.

Gold has since been promoted to a reserve asset in the European Monetary System and the monthly offerings of U.S. Treasury gold have been halved: they could well be halted altogether in the not too distant future.

The dollar, on the other hand, still faces uncertainties despite its recovery: "However smooth the path of international relations in future years, and few would guarantee a lessening of political tensions, it is difficult to be sanguine about the long-term outlook for the dollar," says Gold 1979.

The most important development in the gold scene that has taken place in 1979 has been the rise in its price in terms of all currencies, rather than in dollars alone as was the case for virtually all of 1978; hedging against the dollar has become a secondary consideration in the bullion market.

Factors which have taken over the running include the China-Vietnam border fighting, inflation and the events in Iran which have plunged the world into a more severe oil crisis. As a store of wealth, gold is regarded as a haven in times of trouble. Put another way, a rise in the world price of the metal is akin to the world hoisting storm cones.

The swiftness of the advance in the gold price this year to around $280 may be a measure of the gathering energy storm.

The energy crisis makes forecasting future movements in the gold price even more difficult. Because a reduction in the use of oil does not necessarily mean a fall in its cost—and the spectre of a sharply rising price is looming—one cannot be too sure about how well the U.S. economy will weather the gathering recession.

Any weakening of confidence in the U.S. economy may well have a unsettling effect on the dollar. In which case it can be argued that the price of gold would rise on a hedging demand.

But what of the other, more important demand for gold—the buying by the jewellery trade which last year is estimated to have accounted for some 1,000 tons out of total supplies of 1,741 tons?

Resistance

Already the high prices of gold, in terms of all currencies, are meeting some resistance from jewellery buyers. A weakening of the U.S. economy might well be accompanied by a fall in jewellery purchases from a nation which absorbed just on 100 tons of gold jewellery last year.

So we have the prospect of a two-way pull from the U.S. on gold prices and only time will tell which influence will exert the greater pressure. However, after their strong advance gold prices may well be becoming vulnerable to any profit-taking and a reaction in the price could be seen before the year is out.

Such is the hard-won status of the metal as a store of wealth, that any reaction is unlikely to be unduly severe—the days of prices below $200 are probably gone for ever as are those of base metals which obtained in the 1975 depression. As for demonetisation, that is a topic which is unlikely to figure in any serious debate on the role of gold for quite a while.

Philips ready to launch secret weapon

THE BIGGEST gun yet to be fired in Europe to halt the advancing Japanese video invasion is about to be discharged in Eindhoven. Very shortly, the Dutch group, Philips, will be unveiling its V2000 videocassette recorder—a machine which, the company hopes, will ensure the survival of a major European electronics industry. Details of the V2000 are still closely guarded, and when news of the machine appeared in this column last March, Philips even refused to acknowledged existence of the development.

Eight hours

Its most remarkable feature will be eight hours recording time from a cassette at least as small as the current Japanese rivals which offer three hours. Whereas few people will want eight hours on one cassette, the extremely low running costs—possibly well under £3 per hour—means a real shake-up of the present economics of film and video programming.

The V2000 will make its debut in August at the Berlin TV and Radio Exhibition and it is known that a Germany company, Grundig, is involved somewhere in the venture. Among other features of the machine, which will cost little more than current systems, is automatic on/off recording for a number of preset times up to two weeks in advance. Philips is also believed to have engineered the recorder so that the heart of the machine—its tape transport drive and record/playback heads—is a unique unit that can be exported to foreign licensee manufacturers.

The Japanese have not been idle either in the quest for longer and therefore cheaper running times. Matsushita is reported to have a six-hour machine on the way, and Sony likewise is working on longer-play machines.

Ironically these developments could upset the economic advantage that the Philips video disc system has over videotape, with its one hour per side of a double-sided disc. The striving towards the smaller and the longer is even becoming a challenge within the video disc market, with Matsushita recently announcing yet another disc system—called Visc-o-pac—with 75 minutes per side of a small 175 mm disc. This development means that Matsushita is abandoning its earlier Visc system, with which RCA hoped to achieve some technical and commercial compatibility (by interchangeable pick-up heads) when its own SelectaVision system became available; RCA now looks as if it could be on its own in the video disc battle—a position it would be less able to cope with in Europe and Japan than in North America.

In the meantime, the rise of video is changing the scenario for other media operators. One of the U.S. videocassette distributors, Fotomat, is now releasing Paramount movies on five-day rental for only $11.95—including top titles like The Godfather and Saturday Night Fever. In the UK, films of this calibre on 16mm film may cost upwards of £50 for a few days' rental.

For the cinema industry, currently cheered by rising admission figures, it may seem that the video wolf is far from the door. But the stabilising fortunes of the cinema industry are increasingly based on fewer and more expensive films—a situation which cannot be healthy for an industry that has relied in recent years on the twinning and tripling of cinemas to increase customer choice and support.

An added challenge to the cinema owners (but not the film-makers) comes with the growth of Pay TV. In the U.S., MGM claims that pay TV screenings of feature films now yield a revenue of from $600,000 to $1m per title — and predict that this could rise to $2m-$3m per title by 1985.

Pay TV could arrive in the UK in one or two towns later this year where viewers already receive their television via cables. One of the companies ready and keen to move into this market is Rediffusion, which has already earmarked Hull as the first place for such a service. As a small beginning, two weeks ago Rediffusion launched its Hotelevision scheme — following another British company, Gem Communications, which already has its own movie scheme in every Holiday Inn, with Centre Hotels to follow. These systems offer hotel operators a complete package comprising videocassette players and associated equipment with monthly programmes of feature films which can be piped through the bedroom television sets. Again this is another development where videocassettes are being used to carry feature films and where the traditional cinema audience is being challenged. Gem has signed up an impressive range of new films and the hotels offer the service free to guests.

FILM AND VIDEO

BY JOHN CHITTOCK

With this surging interest in video, it cannot be a coincidence that Super 8 film as a consumer medium is showing some signs of decline. In Japan, domestic and export sales of Super 8 cameras in the first nine months of 1978 were 10 per cent below those of Jan.-Sept. 1977. Kodak has ceased production of Super 8 sound cameras, and Bell and Howell has sold its 16mm camera business to another American company—Alan Gordon Enterprises.

The expectation is, of course, that home video cameras will take over from 8mm movie-making — and that even the future size of the 16mm professional market must be in doubt. The new generation video projectors are ready to challenge other sectors of the 8mm and 16mm business. As reported in this column earlier this year, they can now yield large screen TV pictures of a quality comparable with that of film. Grundig is the latest make to join other TV manufacturers with a new video projector—the Cinema 9000, priced at £1,950.

Positive view

Perhaps one of the more interesting set of statistics recently published has been a comparison between the numbers of television sets in the UK during the first four years of broadcasting after the war, and the number of video recorders in the last three years. From nothing in 1946, the number of television sets went up from 14,560 in 1947 to 126,567 in 1949. Video recorders went up from 5,211 in 1975 to 136,358 in 1978.

It is, of course, dangerous to read too much into statistics, and ultimately the most reliable pointer to trends must be the way in which the industry itself is behaving in response to this situation. Mostly a positive view of these new opportunities prevails, although some people in the film industry argue that talk of video displacing the film medium is rubbish. But they are in a business where developments in new film technology are tailing off. Investment in the whole video industry there is the kind of energetic atmosphere that must have preceded the North American gold rush—a certainty that there will be many losers, but a bigger fear of being left out.

The problem for the traditional film industry is perhaps less than the economic implications for industry in the West. In the videocassette recorded industry, Philips stands almost alone in Europe in what has become a battle between East and West (although Grundig and BASF remain active on the flanks). Oddly, the American have capitulated, relying on Japanese-developed equipment. The only remaining stronghold in the West is in the field of broadcast-quality equipment, but Sony has been making some effective inroads there too.

Watch Piggott at Yarmouth

RACING

BY DOMINIC WIGAN

ROBERT ARMSTRONG, who had the misfortune to lose the promising three-year-old After Tomorrow when that Salvo colt broke his off foreleg on the descent round Tattenham Corner on Friday, saddles runners at both Lingfield and Yarmouth today. I suspect that it will be a profitable afternoon for him.

At Lingfield his course and distance winner, Swinging Sam seems sure to be best in the day's most valuable event, the six-furlong Leisure Stakes. At Yarmouth a quartet for whom his brother-in-law, Lester Piggott, has been secured looks likely to yield at least two winners.

Although Singing Sam's form figures of eight successive zeroes hardly inspires confidence on paper, several of his recent performances have suggested that, caught in the right mood with conditions in his favour, he will take a good deal of beating.

In the belief that a return to today's six furlongs over which he gained his last success when getting home from the speedy Aythorpe will see him at his best. I do not intend opposing him.

Piggott who by his own high standards had a disastrous Epsom: gaining his sole success on Bracorna, in the Royal Bank of Canada Stakes, looks to be travelling to Yarmouth in anticipation of a hat trick through Repeat Performance, Gold Prospector and Ellidiana. From this trio the one I like best is another six-furlong course and distance winner, Gold Prospector.

But for meeting with all sorts of trouble in the Seaford Selling Stakes at Brighton a fortnight ago, Lombardina would almost certainly have run out a clear-cut winner rather having to settle for third place. Denied a clear passage on three occasions inside the final quarter mile marker on that hillside course, Lombardina only got going in the final hundred yards. Despite making much ground both Lady Whitefoot and Petarose were beyond recall. With this afternoon's ground likely to be riding on the fast side of good, Lombardina looks a sound betting proposition to gain compensation in the Tolhouse selling handicap.

LINGFIELD
2.30—Between Shots
3.00—Eastern Palace
3.30—Swinging Sam*
4.00—Anick
4.30—The Solent
5.00—Wakkad

YARMOUTH
2.15—Repeat Performance
2.45—Lombardina***
3.15—Gold Prospector**
3.45—Ellidiana
4.15—Cantilever
4.45—Swinford Rose

TV/Radio

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.10 For Schools, Colleges. 1.15 pm News. 1.30 The Flumps. 2.00 You and Me. 2.32 For Schools, Colleges. 3.15 Nationwide: The Conservative Budget including 3.30 the Chancellor's speech.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 The Osmonds.
7.25 Centennial.
9.00 News.
9.25 The Budget: The Chancellor of the Exchequer, Sir Geoffrey Howe.
9.35 Bombers.
10.50 Tonight.
11.30 Multi-racial Britain.
11.55 Weather/Regional News.

All Regions as BBC1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.50-11.30 Tuesday Night. 11.55 News and Weather for Scotland.

Wales—5.55-6.20 pm Wales Today. 6.55-7.25 Heddiw. 11.55 News and Weather for Wales.

Northern Ireland—5.55-6.20 pm Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.30 It's A Great Life—If You Don't Weaken.
11.00 Play School.
3.55 pm Play School (as 11.00 am).
4.20 Pixie and Dixie.
4.25 Animal Magic.
4.45 Tarzan Lord of the Jungle.
5.05 Ask Aspel.
5.35 Fred Basset.
5.40 Open University.
6.55 1978 U.S. Open Golf.
7.25 Mid-evening News.
7.35 Tennis to Win.
8.05 Brass Tacks.
9.00 Rhoda.
9.25 Barry Manilow at the Albert Hall.
10.15 Top Gear.
10.45 Late News.
11.00 The Budget (as BBC1 9.25 pm).
11.10 The Old Grey Whistle Test.
12.00 Closedown, reading.

BBC2 Wales only—4.45-5.05 pm Trysor Bryniau Caspar.

LONDON

9.30 am Schools Programmes. 11.55 Sinbad Junior Cartoon. 12.00 Paperplay. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 The National Gallery. †2.30 "Miss MacTaggart Won't Lie Down" starring Barbara Mullen. 3.00 The Budget.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 *Crossroads.*
7.00 What's on Next?
7.30 Thundercloud.
8.00 The Streets of San Francisco.
9.00 Rumpole of the Bailey.
10.00 News.
10.30 The Budget: The Chancellor of the Exchequer, Sir Geoffrey Howe MP.
10.40 Camera.
11.10 Mavis . . . Wanting to Know.
11.40 Barnaby Jones.
12.35 am Close: Derrick Gilbert reads poems by Ken Gill.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.30 Out of Town. 6.00 About Anglia. 7.00 Enterprise. 7.30 TV Movie: "Miles to go Before I Sleep." 11.10 The Entertainers. 11.40 Sidestreet. 12.40 am Themes.

ATV

12.30 pm The Entertainers. 1.20 ATV Newsdesk. 2.30 George Hamilton IV. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 The Tuesday Thriller: "Manhunter." 8.50 Special Edition. 11.10 The Outsiders. 12.10 am Tuesday Jazz (Charlie Mingus in concert).

BORDER

1.20 pm Border News. 2.30 Untamed World. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 McMillan. 11.10 Mannix. 12.10 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 2.30 Oh, No, It's Selwyn Froggitt. 6.00 Report at Six. 7.00 Survival. 8.00 Fantasy Island. 10.28 Channel Late News. 10.32 A Chance to Meet . . . Charles Aznavour. 11.10 Twist in the Tale. 12.05 am Police Surgeon. 12.30 Visages de France, No. 1.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 2.30 Home Ground. 6.00 Grampian Today. 6.05 Country Focus. 8.00 *Charlie's Angels.* 11.40 Reflections. 11.45 Power Without Glory. 12.40 am Grampian Late Night Headlines.

GRANADA

1.20 pm Cartoon. 2.30 The Amazing World of Kreskin. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 University Challenge. 7.35 The Tuesday Movie: Robert Wagner in "The Abduction of Saint Anne." 11.10 Late Night Thriller: Martha Hyer in "Picture Mommy Dead."

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.30 Stars on Ice. 6.00 Report West. 6.18 Report Wales. 6.35 Emmerdale Farm. 7.05 Definition. 7.35 The Tuesday Movie: "Panic on the 5.22." 11.40 Westside Medical.

HTV Cymru/Wales—As HTV General Service except: *1.20-1.25 pm Penawdau Newyddion Y Dydd.* 6.00-6.18 Y Dydd. 10.40 Bywyd. 11.25 World in Action. 11.55-12.25 am Feet First.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 2.30 Oh, No, It's Selwyn Froggitt. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 7.30 TV Movie: "Dying Room Only." 11.10 Late Call. 11.15 Pro-Celebrity Darts. 11.45 George Hamilton IV.

SOUTHERN

1.20 pm Southern News. 2.30 Stars on Ice. 6.00 Day By Day. 7.00 Emmerdale Farm. 7.30 McCloud. 11.10 Southern News Extra. 11.20 Mannix.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.30 Time to Spare. 5.15 Mork and Mindy. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Benny and Barney. 11.10 Check It Out. 11.40 The New Avengers. 12.35 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.30 George Hamilton IV. 6.00 Ulster Television News. 6.15 Milestones or Millstones. 6.30 Alright Now. 7.00 Emmerdale Farm. 7.30 Feature Film: "The Trygon Factor," starring Stewart Granger, Susan Hampshire and James Robertson Justice. 11.10 Laverne and Shirley. 11.40 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. *1.20 Westward News Headlines.* 2.30 Oh, No, It's Selwyn Froggitt. 6.00 Westward Diary. 7.00 Survival. 8.00 Fantasy Island. 10.28 Westward Late News. 11.10 Twist in the Tale. 12.05 am Police Surgeon. 12.35 Faith for Life. 12.40 West Country Weather, Shipping Forecast.

YORKSHIRE

12.30 pm The Cedar Tree. 1.20 Calendar News. 2.30 Calendar Tuesday. 6.00 Calendar (Emley Moor and Belmont eds). 7.00 Emmerdale Farm. 7.30 Benny and Barney. 11.10 Sidestreet. 12.10 am George Hamilton IV.

F.T. CROSSWORD PUZZLE No. 3,993

ACROSS
1 Hate having two notes to examine (6)
4 Frank and surrounded by detectives (6)
8 Head girl could produce cake (7)
9 Seak the French tower (7)
11 Not new but a fine timer (6-4)
12 Mother in the sea (4)
13 Features about right for a *comical performance* (5)
14 Record band coming to a point (8)
16 Composer with role reversed is unattached (8)
18 16 initially in story for the board (5)
20 Run right into a child (4)
21 Animal taking direction there in pass (10)
23 Occupy in familiarity (7)
24 Enlightened at night by doctor on literature (7)
25 Tolerate finish of Yorkshire flower (6)
26 Draw ship from the south (6)

DOWN
1 Sad song from guide-leader in dreadful surroundings (5)
2 Drum for a doctor in an excursion (7)
3 Rate at which we'll plant (9)
5 Performed a protracted finale (5)
6 One who imagines something gloomy about me (7)
7 All I put into the ball is trifling (9)
10 Bring round stake when joking (9)
13 Bouquet from students' carnival in France (9)
15 Send headlong using farm tool (9)
17 Orchestra under cover, it may be seen over the brim (7)
19 Hereditary title taken from a Brontë (7)
21 One who peeps right inside the pier (5)
22 Cane and smart (5)

Solution to Puzzle No. 3,992

ESTATE CORPORAL
EGMONT DEPRAVED
GREAT NEW URBAN
NOES IMPASSE
BURNING COMB
VERITY SMITHSON
CRUDE OIL PINERO
TREATING CALLUS

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Derek Hobson (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 3.03 John Dunn's Budget Special (S). 6.30 Waggoners' Walk. 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Sports Desk. 7.33 Folk 79 (S). 8.02 *Nordring Festival* 1978 (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 The Frankie Howerd Variety Show. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music, with Jon Leeming (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: Bach (S). 10.00 Music for Chorus and Brass Concert, part 1 (S). 10.40 Interval reading. 10.45 Concert, part 2. 11.30 Scriabin and Chopin (S). 12.25 BBC Welsh Symphony Orchestra, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 BBC Welsh SO, part 2 (S). 2.20 Cello and Piano music from Spain and America (S). 3.10 Fifty Years of British Music (S). 3.45 Czech Philharmonic Orchestra (S). 4.55 Jazz Today (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home: The Voice of Régine Crespin. 7.10 A Musical Ramble (S). 7.30 Russian Folk Music (S). 8.00 Brendel, Abbado and the LSO, part 1: Schumann, Brendel (S). 8.50 I Saw the World End (talk by Andrew Porter). 9.10 LSO, part 2: Beethoven (S). 10.10 Janet Baker sings Italian arias (S). 10.30 Moments of Being. 11.00 Building a Library of records (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre. 11.30 A Sideways Look At . . . 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 PM *Budget Special live from Parliament* including 3.15 Questions to the Prime Minister and 3.30 The Budget presented by the Chancellor of the Exchequer. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Wings of Song (Portrait of Lotte Lehmann). *8.45 Science Now. 9.30 Kaleidoscope.* 9.59 Weather. 10.00 The World Tonight. 10.30 Lines From My Grandfather's Forehead. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.3 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-5.00 am Join Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Night Line. 1.00 am Night Extra.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Peter Young (S). 3.00 pm Roger Scott (S). 7.00 *London Today* (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2 am Duncan Johnson's Night Flight (S).

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

THE ARTS

ldeburgh Festival

Church parables

by ANDREW CLEMENTS

Of all the Britten works remiered at Aldeburgh estivals over the years, none tains the sense of place more an the three "parables for iurch performance." Orford iurch isn't an ideal setting for iy sort of opera — only a rtion of the audience has an impeded view of the acting ea. But almost as wide as it long, the dimensions and oustics of Orford suit the timacy and the haunting pped textures of these per- ctly shaped works exactly. opropriately the 1979 Festival gan there on Friday and turday evenings with revivals the first two parables, *urlew River* and *The Burning ery Furnace*.

Curlew River is now 15 year's d. A lot has happened to isic theatre in that time: er in the Festival the Fires London are presenting Max- ll Davies's *The Martyrdom of Magnus* at Snape, and the ieel will have been brought l circle. But *Curlew River* mains the genre's single isterpiece, an extraordinary sion of Eastern stylisation and ristian emotional response d the beginning of a new ase in Britten's development iich was to lead ultimately to *eath in Venice*.

The English Music Theatre mpany has taken over the glish Opera Group's produc- ns, temporarily at least. stumes and sets were the niliar ones and Colin aham's productions were rehearsed by David Lorrimer- lish. I still find the taut, lised acting more appropri- to the sparer continuous rrative of *Curlew River* than the more obviously spec- ular *Fiery Furnace*. Amazing v much difference the addi- n of a single alto trombone the instrumental group for second parable makes to textures, allowing Britten almost Wagnerian conceit of growling brass for the worship of the god of gold and a mock-heroic cast to the entries of Nebuchadnezzar.

Bryan Drake is the only survivor from the original casts. The roles taken first by Peter Pears — the Madwoman in *Curlew River*, Nebuchadnezzar in *The Fiery Furnace* — were passed to Bernard Dickerson and John Winfield.

Dickerson was particularly impressive, fresher, warmer of tone than Pears, less histrionic but ultimately just as moving. In the first parable, Donald Stephenson's ferryman clearly put over the crucial narratives; and in general diction was considerably better on the first evening. Praise, too, for Hubert Staar's faultless horn playing on both evenings; praise, in fact, for all concerned, whose dedication seemed to approach that of the Noh players who fired Britten's imagination for the works in 1956. Enthralling experiences.

*

A visit by the Cambridge University Musical Society has become an Aldeburgh tradition in the 1970s. It usually brings a big choral work—as much a chance for the Festival regulars to mine along to the vocal score and for the singers and orchestra to be indulged by the marvellous Maltings acoustic.

On Sunday afternoon, conducted by Philip Ledger, they filled the place with a fearful sound in Handel's *Israel in Egypt*, a very good choice for such an energetic, responsive choir; part I in particular is crammed with spectacular big choruses. The soloists in such a sparkling performance were inevitably a little in the shade but David Cordier made much of "Their land brought forth frogs," a pleasant flexible counter-tenor, presumably yet another product of the Cambridge choral tradition.

izabeth Hall

Perahia

by DOMINIC GILL

i the seven years since he : the first prize of the Leeds rnational Piano Competi- . at the age of 24, Murray ahia has experimented with number of different roles, earing variously, and with ious degrees of success, also conductor, chamber musician accompanist. Some of those eriments were happy ones, ers less so: and all will e been valuable to him. But recital he gave on Sunday rnoon confirmed—and no firmation could have been e winning, or more trium- nt—that his first and deci- talent lies still with the instrument.

t was a marvellous recital: ts kind, and in every respect matters, nearly faultless. We rd three major performances, h one of that exalted level which — as I never tire of inding readers of this page here are no "better" artists, t as there are no "better" iposers: only different ones. listener can't quibble with sic-making of such translu- t and magical authority: he st take it as it comes, as it and even in disagreement, must admire.

here was little time enough ner for disagreement, for ahia drew us directly, m the first bars of Beet- en's E flat sonata 7, into an irresistible and rkling web; every shade and it of the opening movement e with colour, every line apulously drawn—and driven h a quick rhythmic snap. The w movement was a true ;o, orchestrally conceived; scherzo, with its growling , delicately contrasted: the h point of the finale its stormy C minor episode, given with hardly a touch of sustaining pedal, naked in its fury, powerfully contained.

The four Chopin Impromptus, played as a single sequence, were the afternoon's centrepiece: the A flat and the C sharp minor two glittering pinnacles to frame the more muted conversations of the F sharp and G flat—muted, but never soft-centred.

Perahia's finale, where he also found his freest and most original inspiration, was Schubert's late A major sonata D959. The first movement's epic grandeur, and epic sadness, were turned to fierceness and melancholy: a broad landscape of marvellous variety, dappled with changing colour, stopped and barred with urgent punctuation. The andantino was masterly, perfectly graded, endlessly sad. Perhaps it was a mistake not to play any of the Rondo's repeats: without them there is an odd foreshortening of perspective — and what we heard was so full of freshness and vigour that we could well have heard it twice.

This was Perahia's first solo recital in London for several years: may we soon—even at the expense of some of the accompanying and conducting —have some more?

Rodney Friend to lead BBC SO

The BBC has announced the appointment of Rodney Friend as leader of the BBC Symphony Orchestra. Mr. Friend is at present leader of the New York Philharmonic Orchestra and will be taking up his new post in January 1980.

British Museum

Flower Power

by ROY STRONG

I do not know whether it is just the fact that the sun is shining or that the new Minister for the Arts has promised to reopen the V and A, but the British Museum's Print Room exhibition left me in a transport of delight. *Flowers in Art from East and West* is the accurate if awkward title embracing one of the most ravishing of visual experiences that will be available (free!) to museum visitors this summer.

Two departments, that of Prints and Drawings and of Oriental Antiquities, have combined their resources together with those of the rest of the museum, the British Library and other lenders, to stage a staggering exhibition of paintings, prints and drawings of flowers within the traditions of Europe, West Asia and India and Eastern Asia.

It is a large exhibition with several hundred items and a veritable feast of beauty. The range is enormous—from fan paintings to botanical studies, from medieval herbals to Japanese screens. Oil paintings and designs for the decorative arts have been excluded. The show is accompanied by an excellent book by the organisers, Paul Hulton and Lawrence Smith, good value at the price, although it is maddening not even to have a check list of exhibits, and it is not clear that what is reproduced in the book is necessarily in the exhibition.

Altogether it is an event to savour and to sample. It is, of course, grouped under theme, but I feel that the visitors' approach to this bouquet is to be drawn to the bloom whose scent attracts him first. It can lead to drawings by Leonardo of plants in red chalk executed in connection with his picture of Leda and the Swan. Leonardo, unlike his other high Renaissance compatriots, did not despise the art of recording nature. It can equally lead to 15th-century northern manuscripts, the art of Jean Bourdichon of the Ghent-Bruges School, a tradition closely linked to the art of the Van Eycks and vigorous to the end of the 16th century in the figure of George Hoefnagel.

On the burnished borders of books of hours, minutely observed pinks, lillies, pansies and violets float amid insects and butterflies. Or elsewhere there are astounding Chinese hand-scrolls of which the viewer was supposed only ever to see a section at a time which, in ink, for instance, can record a horizontal voyage up a vertical pine tree.

Basically the exhibition story line is the triple approach to flowers, the European, which is scientific and analytic, the West Asian and Indian, which is decorative and hedonistic, and the Eastern Asian, which is aesthetic, even philosophical. Inevitably, the second of these groups must be the most disappointing because it is devoid of the idea impulses of the other two.

Most visitors will be better equipped to follow the European tradition which is the history of the rediscovery of the art of looking and recording embodied in the single act of picking a flower and actually trying to depict what they actually saw. One is constantly amazed how many centuries it took to achieve this elementary process. Medieval herbals copied earlier illustrations stretching back often to unknown classical sources rather than look at what was actually growing in their monastic garden and it was not until the influence of Arabic medicine was felt via Salerno and later Padua that the first stirrings of what we would, in retrospect, label as a scientific approach began.

This is caught, for example, in the beautiful sprawling plant portraits in a late 14th century manuscript from Carrara. About the year 1400 there was a move all over Europe towards this observation of natural phenomena. It was as vigorous in the herbalist illustrators for medical purposes as it was in the manuscript scriptoria for the delectation of late mediaeval courts. During the 16th century this impulse burgeoned into the art of botany, an activity stimulated by the arrival from the New World of hundreds of new plant species. Soon artist-draughtsmen became an essential part of any voyage of discovery, a tradition that was to stretch from Jacques Le Moyne de Morgues and John White's voyages to Florida and Virginia down to Sir Joseph Hooker's visits to the Antarctic, Australia and the Himalayas in the era that witnessed the advent of photography.

With the development of printing came the illustrated flower and plant book and the herbal. It was Plantin who published the work of Dodoens, L'Ecluse and L'Obel, whose illustrations set new standards of accuracy. Nor should we forget our own John Gerard, whose herbal, again contained illustrations which were the result of actual observation of plant forms.

Beautiful as these books were they were to be surpassed in the next century and above all in the one that followed, by those vast tomes which perpetually set new records for books in the sale room: van Huysum's Catalogus Plantarum, Catesby's Natural History of Carolina, Thornton's Temple of Flora, or Redouté's Les Roses.

Botanical Study "Four pink carnations" by Herman Saftleven (c 1609-1685)

Royal Festival Hall

LSO and Abbado

by RICHARD JOSEPH

As part of their 75th anniversary season, the London Symphony Orchestra is presenting a series of prestigiously cast programmes. Sunday evening's Festival Hall concert, conducted by Claudio Abbado, featured the collaboration of two major Russian soloists, pianist Lazar Berman and mezzo soprano Elena Obratsova, in two popular Russian works.

Berman's performance of Rachmaninov's Second Piano Concerto was notable for its great technical composure, ample piano sound, and a welcome willingness to play softly. But one needn't invoke the neurotic elan of Horowitz or the rich expansiveness of Richter, to name two of this concerto's finest interpreters, to find Berman's reading lacking in individuality.

As much as an absence of idiosyncracy and willfullness is welcome and refreshing, one can reach a point where blandness sets in. In difficult piano writing, Berman's technical ease merits attention, but other, less spectacularly composed sections lacked the imagination and musical specificity required to hold the slender thread of this music together.

Abbado and the LSO produced an unusually rich accompaniment. The strings in particular benefited from the conductor's decision to screen off the organ casework behind the stage, so that the full sound was more resonantly projected into the auditorium. These well upholstered textures, just right for Rachmaninov, suited Prokofiev's Alexander Nevsky cantata less well.

In spite of the virtuosity of the wind soloists and a brave brass section willing to take the risks this colourful score demands, Abbado's performance of Nevsky lacked an overall crispness of attack and sureness of balance. His interest in the bass line and middle register textures, so valuable in Mahler performances, became a liability, producing a thick sound that got in the way of Prokofiev's rhythmic buoyancy. Abbado's ability to blend instrumental voices also meant that the sharply differentiated colours of the score were inadequately differentiated. Yet within this sonic framework, his interpretation was cogently structured, clearly presented and emotionally compelling.

Just what the well-drilled LSO Chorus lacked in Slavic intensity was demonstrated by Elena Obratsova's delivery of The Field of the Dead solo. Singing from memory, in a mesmerisingly covered and withdrawn tone, Obratsova provided a rare pleasure: that of hearing an ample voice scaled down to an intensely moulded *mezza voce*, neither forced nor self-conscious.

Bursary for piano tuners

For the first time the Arts Council is to finance an advanced training scheme for piano tuner/technicians wishing to work in the specialist field of concert performances.

Steinway and Sons have offered to provide the training free of charge and the Arts Council will provide a bursary to help the selected trainee with personal costs. The closing date for entries is July 18. It is hoped training will begin in September.

The Arts Council is hoping to attract a tuner who will be prepared to work near Birmingham, Manchester or Newcastle, areas in which there is the greatest need for a concert technician. The scheme is open only to trained piano tuners who wish to move into this specialist field.

Further information is available from Ken Blakeley, assistant music director, the Arts Council, 105, Piccadilly, London, W1V 0AU.

Paris Art

'Rodin and the Far East'

by BRIAN TAYLOR

In a city of numerous museums with concurrent and competing temporary exhibitions, the present show "Rodin and the Far East" (Rodin Museum, until July 2) is one of those a visitor to Paris might choose to miss but should not. Drawn from the museum's rich permanent collection, the assembled drawings and sculptures intrigue not by the exoticism of the subject matter, but rather by the light shed upon a little known facet of Auguste Rodin's immense productivity at a time when he was nearly 70.

With the *Bourgeois de Calais*, *Balzac*, and *Le Penseur* sculptures just outside the window in the garden to remind one of Rodin's "classic" works, the viewer is confronted for the most part with studies in crayon and gouache of oriental dancers, and a series of sculpted heads portraying a mask of the moment of death. A strange and at the same time exciting combination of two themes: the one inspired by the vitality of Cambodian dancers, for instance, whom Rodin first saw at the Colonial Exhibition of 1906 in Marseille; and the other, probing the agony of impending death as personified by Hanako, a Japanese actress in a traditional theatre production.

Rodin's fascination with these expressions of oriental culture—which eventually led him to collect oriental prints, sculptures, and art objects also now on display—is in no way comparable to that of the so-called "orientalists" of his day. The exhibition reveals Rodin (known for his attachment to Greek antiquity) searching with the appropriate means to capture timeless qualities of movement, gesture, and balance in the case of the dancers, rather than the superficial accoutrements of oriental culture.

The particular language of hands and arms, so unfamiliar and at times awkward-appearing to Western eyes, Rodin sets down on paper with superb exuberance and simplicity. Graceful line drawings are overlaid with washes to emphasise form that appears weightless. Here the draughtsman's attempt to extract meaningful position *types* from the oriental dance is paralleled by the scuptor's preoccupation with masks as the quintessential, symbolic expression of a given emotion.

Hanako, whose dramatic portrayal so struck Rodin, agreed to pose for Rodin in Paris on numerous occasions from 1907 to 1911. She was asked to recreate and then to hold for long periods the horrified expression of the heroine of the play when she commits suicide by plunging a dagger into her neck. The finished and half-finished studies in terracotta, plaster, and bronze offer vivid and disturbing evidence of Rodin's determination to render physically palpable the complex feelings of a person conscious of the moment of truth.

It is the particular merit of this show that it opens, as it were, the studio and notebooks of the artist to the public, thereby permitting glimpses of an impassioned creative spirit at work. What we see, moreover, are not Rodin's monumental finished sculptures become almost clichés of modern art, but the freshness and the struggle of immediate confrontation between an already legendary artist and his new sources of inspiration.

Danseuse Cambodgienne, 1906

Davia engagement cancelled

Mr. Federico Davià has been injured in an accident on stage in Milan and has had to withdraw from his engagement at Glyndebourne this year. The role of Vanuzzi in Strauss' *Die schweigsame Frau* will be sung by Joseph Rouleau.

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Tuesday June 12 1979

No policy for energy

MR. DAVID HOWELL, the Energy Secretary, has now made two statements within a week on the question of oil supplies, and neither of them has been very dramatic. What he is saying essentially is that the average short fall in this country is only around 5 per cent. The word "average" is important. In some areas and in some sectors the reduction in supplies has been much greater, causing disruption if not actual hardship. But, he says, since the overall shortfall is so small, it ought to be possible to deal with it by achieving a better distribution, and by conservation.

Shielded

In a way Mr Howell's refusal to be panicked has a great deal to recommend it. It is also notable that he is sticking to the principles on which the Conservatives fought the general election. There is to be no rush into state intervention, whether directly by rationing, or indirectly by the Government itself allocating supplies. Indeed, to judge by his answers to questions yesterday, Mr Howell is still thinking of less intervention rather than more. He made it plain that he had no great regard for the operations of the British National Oil Corporation, whose future has already been placed under review.

That is all very well so far as it goes, but it does not go very far. As Mr Howell himself admitted on the question of supply and demand world-wide: "The position in Iran could easily worsen again and the prospect from the other suppliers is at best fragile." Britain is to some extent shielded from these problems by North Sea oil, but it is not altogether immune from them.

Nuclear power

There would appear to be two desirable approaches towards dealing with them, one for the short-term and the other for the more distant future. The short-term approach concerns conservation about which Mr. Howell has spoken so far mainly in principle. There are, in fact, practical measures which could be taken, and taken quickly. Two obvious possibilities are the imposition of lower speed limits and the placing of restrictions on the heating of office buildings. The actual savings achieved might be relatively small, but they would not be negligible. Moreover, the introduction of such controls would be a visible sign of the need for action. A more careful use of energy is unlikely to come about by exhortation alone, as the American example has shown.

The longer term approach requires a look at the energy situation as a whole. The Conservative Manifesto was strong on principle: for example, on reliance on market forces and the price mechanism. But it was exceedingly weak in detail. There has been no attempt so far to look at the various energy sources—both existing and those that may be available in future—and to see how they fit together. There appears to have been a singular failure, for instance, in the attempt to step up the production of coal. It is also unclear why gas, which like North Sea oil is a non-renewable resource, should be so cheap if the effect is simply to encourage people to use it without thinking of a replacement. There is at least a case for a substantial tax.

Budget

In particular, the Government has been noticeably silent on the question of nuclear policy. Of course, these are early days, but it is already plain to Ministers that energy is one of the biggest problems confronting them. The promise of an early statement about what the Government thinks of the future of nuclear power would therefore be welcome. The longer this is delayed, the greater will be the uncertainty about energy supplies in the 1990s and beyond.

Some of the questions about energy policy will no doubt be partially answered in the Budget today. It will be surprising if the Chancellor of the Exchequer does not go beyond such simple and expected measures as raising the duties on petrol. Yet even if he goes as far as an energy equalisation tax by imposing a tax on gas, that will be no substitute for a comprehensive energy policy. What is needed soon is a statement on how the Government sees the energy situation overall—not just now, but in ten years' time.

Wishful plans from Basle

THE CENTRAL BANK governors, at their meeting in Basle at the week-end, called for tighter U.S. monetary policy and further action to correct the U.S. current account deficit in order to avert further currency turmoil. The same call is elaborated, along with an urgent call for a more effective energy policy in the developed countries, in the annual report of the Bank for International Settlements, published on the morning after the meeting. If the BIS stopped there, nobody could cavil: the objectives are sound, it hardly new, and hard to achieve.

Inflation

However, the BIS, in what is as usual a long and detailed discussion of the world monetary scene, does not by any means stop there. It seems to pin excessive hopes on what could be achieved in a better-balanced world economy. This ignores some of the central problems. Equally, its analysis of what happened last year evades a central dilemma. At bottom, both in its policy prescriptions and in its technical analysis, the BIS seems reluctant to acknowledge just how pervasive and difficult is the problem of world-wide inflation. This is surely one issue which the BIS, the small-scale working model of a central bankers' central bank, can afford to sound like a Cassandra; and it should be particularly willing to do so when a large part of the problem is in fact monetary.

The policy proposals of the BIS to some extent make this evasiveness clear. Observing that the world is working on very thin margins of energy and primary materials, it discusses the inflation problem as basically a matter of resources. Now it is certainly true that energy and commodity prices might be less sensitive to small margins of aggregate demand if development of new sources, and more economical usage, were to create an easier stock position—indeed, it is a truism. But the BIS seems to go on to reason that provided aggregate growth in the developed world is restrained, the problem is solved. It offers a scenario in which gentle restraint in the U.S.—a soft landing—would create room for continued expansive policies in other countries, notably Germany and Japan, thus restoring financial equilibrium while maintaining world-wide growth.

This really seems much too optimistic. As the BIS argues, an effective restraint programme in the U.S. would confirm the recovery in the dollar by rectifying the U.S. balance of payments; but this hardly seems likely to encourage expansive policies elsewhere. On the contrary, a stronger dollar will tend to internationalise the accelerated cost increases which have already occurred in dollar terms, and the authorities in Germany, Japan and Switzerland are likely to take the opportunity of reverse currency flows to reimpose monetary discipline rather than to expand. Indeed, these tendencies have already appeared.

The illusion that there is some narrow path leading to more or less painless deflation dies hard in international organisations, though the business world seems less and less inclined to believe in such a possibility.

In the BIS review of the turbulent events of 1978 the illusion appears in quite another form. There is a long discussion of how the U.S. managed to finance a vast and persistent external deficit without strain in the domestic credit markets; this is conducted entirely in terms of the well-known distortions in the U.S. domestic banking market. Elsewhere the willingness of central banks to intervene on a massive scale to limit exchange rate movements is welcome.

Dilemma

There is not even the ghost of an admission that it was these very interventions which financed the U.S. deficit, and the explosion of world liquidity which accompanied it. The decision whether or not to intervene, as we well know in this country, is part of the dilemma posed by world-wide inflation: in the UK non-intervention has been adopted as the less inflationary course.

The fact which is becoming increasingly clear is that there are no painless solutions; and that the tendency of inflation to rise more sharply in response to ever-smaller shocks is due to inflation psychology as much as any problem over resources. Wishful analysis will do little to help governments face the painful decisions ahead.

Strasbourg: the road ahead

By REGINALD DALE, European Editor

THREE general, if sometimes conflicting, pictures emerge from Europe's first-ever EEC-wide Parliamentary election. First, as predicted, voters turned out in considerably smaller numbers than in national elections. Second, parties that campaigned on a strong commitment to European unity on the whole did better than their more anti-market opponents. And third, the Centre-Right fared better than the Socialists, who had formed the largest group in the outgoing, nominated European Parliament.

Turnout was lowest in countries like the UK and Denmark, where anti-market feeling is greatest, but surprisingly high in Italy, where the European flame still burns strongly. Inevitably, the high abstention rate in Britain and Denmark will be interpreted as a tacit vote against the EEC. There will also be those ready to argue that the low turnout undermines the democratic credentials of the 710 new directly-elected members of the European Parliament (MEPs), who meet for the first time in Strasbourg on July 17 in what is likely to be a largely ceremonial session.

Most MEPs, however, are unlikely to accept this interpretation. Many of them will conclude, on the contrary, that the low level of interest was due to the Parliament's lack of effective powers—a failure that they will try to remedy by the time the next European election comes in 1984. Public apathy could even spur them to greater activity. When the chips are down, it is hard to imagine Governments in the Council of Ministers, the Parliament's main antagonists, seriously arguing that there is some magic level of turnout on which an elected MEP has to rely for his mandate.

Certainly those parties that took the Parliament seriously did best in most member states. The major exception was Denmark, where anti-market forces captured a third of the country's Strasbourg delegation; an anti-EEC candidate also won in Greenland, heightening the chances that the territory will withdraw from the Community in the next year or two. In France, however, the strongly pro-European line taken by Madame Veil and her running mates helped to ensure a comfortable victory for President Giscard d'Estaing's supporters, and in Italy the Socialists, who had campaigned for European (and Socialist) unity, improved their performance compared with the general election only one week before.

In Belgium, the results showed a striking success for Mr. Leo Tindemans, the former Christian Democratic Prime Minister, who has closely identified himself with the European cause. Dutch politicians of both Left and Right were yesterday attributing the poor showing by the British Labour Party to its unenthusiastic, if not openly hostile, approach to Europe. Continental Socialists were particularly galled in that better results for Labour might have helped the nine-nation Socialist group to maintain its dominant position in Strasbourg.

West Germany, where all three main parties are dedicated "Europeans," provided one of the best examples of Right-wing gains. The combined forces of the opposition Christian Democrats drew ahead of the Socialist-Free Democrat coalition and will send more MEPs to Strasbourg than the Government. German politicians of all main parties, however, were disappointed at the 66 per cent turnout—astronomical by British standards but well below the 80 per cent or more usual in state and federal elections.

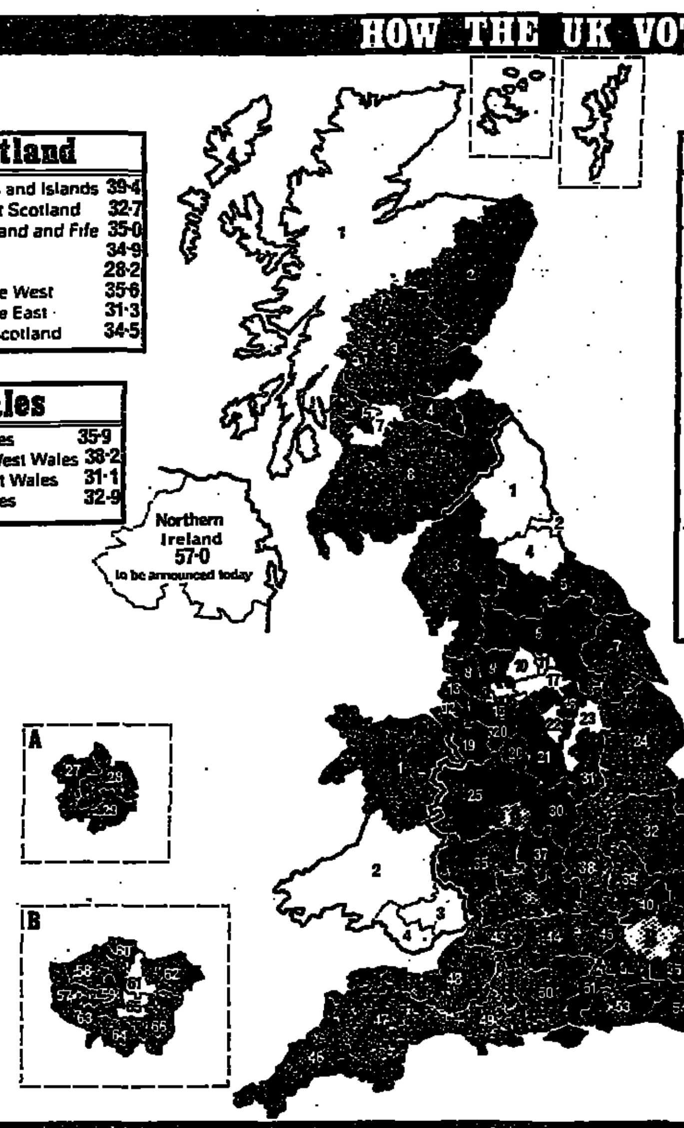
The political composition of the new Parliament is likely to be of greater significance than in the past, given the old Parliament's tendency to seek unanimity to give its resolutions greater weight. Although it is far too early to tell how the new Parliament will operate, the conventional wisdom is that it will tend to divide more along party lines—in continuation of the trend towards transfrontier party groupings that has been stimulated by direct elections. It is now clear that if all the Centre-Right groups vote together they will predominate, despite a slight increase in Communist representation from nine to just over 10 per cent. The great increase in strength of the Anglo-Danish Conservative Group—from nine per cent to almost 16 per cent—is the critical factor, even though the Conservatives are not formally allied with the Christian Democrats or other Right-wing groupings.

In some countries, however, the elections have had national as well as European significance. M. Gaston Thorn, the Liberal ex-Premier of Luxembourg, who has been described as "Europe's youngest elder statesman," may have secured a seat in Strasbourg, but he has seen his national Luxembourg Government toppled by the advancing Christian Democrat tide. In Italy, the improved showing by the Socialists could strengthen their hand in the delicate negotiations about to begin for the formation of a new coalition Government following the Communist setback in the national poll 10 days ago.

But the most sensational outcome has been in France, where M. Jacques Chirac's Gaullists were beaten into fourth place in a national poll for the first time since the hey-day of General de Gaulle. M. Chirac, who fought an aggressively nationalist campaign, is bound to find his authority weakened, both inside his party and in the governing coalition with President Giscard d'Estaing's centrists. The President has emerged correspondingly strengthened; while on the Left the expected Socialist resurgence failed to materialise and the Communists held their ground. If, as many commentators have assumed, the poll was a pointer to the 1981 Presidential election, the present incumbent of the Elysee has every reason to feel satisfied.

Of more immediate interest, however, will be the way in which the new MEPs from all nine countries set about their business in Strasbourg. Essential questions like how often the new Parliament will meet, and how often its star performers will attend, remain to be answered. There could equally be changes in the structure of the political groupings and alliances that operated in its much smaller 198-seat precursor. Many of the MEPs are political unknowns with little or no Parliamentary experience. It could be some time before Europeans can draw firm conclusions about the sort of Parliament they have voted themselves.

HOW THE UK VOTED



Scotland	
1 Highlands and Islands	39·4
2 North East Scotland	32·7
3 Mid-Scotland and Fife	35·0
4 Lothians	34·9
5 Glasgow	28·2
6 Strathclyde West	35·6
7 Strathclyde East	31·3
8 South of Scotland	34·5

Wales	
1 North Wales	35·9
2 Mid and West Wales	38·2
3 South-East Wales	31·1
4 South Wales	32·9

England	
1 Northumbria	32·2
2 South Tyne and Wear	29·8
3 Cumbria	34·8
4 Durham	27·7
5 Cleveland	28·2
6 Yorkshire North	34·5
7 Humberside	30·1
8 Lancashire Central	31·6
9 Lancashire East	33·2
10 Yorkshire West	33·3
11 Leeds	28·6
12 Liverpool	23·7
13 Lancashire West	28·0
14 Greater Manchester West	29·4
15 Greater Manchester South	29·8
16 Greater Manchester North	31·7
17 Yorkshire South West	29·0
18 Yorkshire South	27·0
19 Cheshire West	32·6
20 Cheshire East	31·7
21 Derbyshire	30·1
22 Sheffield	29·4
23 Nottingham	28·6
24 Lincolnshire	31·3
25 Salop and Stafford	32·2
26 Staffordshire East	28·4
27 Midlands West	27·3
28 Birmingham North	26·66
29 Birmingham South	27·34
30 Midlands East	32·3
31 Leicester	32·5
32 Cambridgeshire	32·2
33 Norfolk	34·1
34 Suffolk	32·3
35 Hereford and Worcester	34·8
36 The Cotswolds	36·5
37 Midlands Central	34·0
38 Northamptonshire	32·8
39 Bedfordshire	33·7
40 Hertfordshire	36·9
41 Essex South West	30·5
42 Essex North East	32·5
43 Bristol	35·1
44 Upper Thames	33·0
45 Thames Valley	32·2
46 Cornwall and Plymouth	35·0
47 Devon	38·5
48 Somerset	38·4
49 Wessex	37·2
50 Hampshire West	33·6
51 Wight and Hampshire East	34·5
52 Surrey	37·8
53 Sussex West	35·3
54 Sussex East	35·1
55 Kent West	32·9
56 Kent East	32·4
57 London West	33·0
58 London North West	31·3
59 London Central	30·5
60 London North	28·5
61 London North East	20·4
62 London East	29·5
63 London South West	31·4
64 London South	33·4
65 London South Inner	27·3
66 London South East	34·3

A time for inquests in the U.K.

BY ELINOR GOODMAN

FOR THE Conservatives, the result of Britain's European election was a resounding if slightly hollow victory. For Labour, relieved to have got the whole painful business of the European campaign out of the way, the figures are not as bad as some were predicting last week.

For the Scottish Nationalists, their one seat in the Highlands and Islands is a minor, and not entirely expected, compensation for their poor performance in last month's General Election.

For the party which threw itself into the whole business of Europe with more enthusiasm than all its rivals put together, however, the result is an unmitigated disaster — for the Liberals have been rewarded with absolutely nothing in Strasbourg.

Only Liberals, trained in the hard school of successive electoral defeats, could find a hint of a silver lining in the result. For them, the fact that they could poll around 13 per cent of the total votes cast and yet win no seats is the richest fodder yet in their campaign to expose the unfairness of the present first-past-the-post voting system.

Indeed, there were signs yesterday that they were winning increasing support for their demand that proportional representation should be introduced for the next European poll from both senior Labour and Tory politicians.

With a typical refusal to accept the harsh realities of the present voting system, the Liberals intend sending what they see as their fair share of delegates to Strasbourg in any case. Around ten would-be Liberal Euro MPs will duly go to Strasbourg when the first session of the Parliament is held, while there is also a suggestion that the Liberals should take their case to the European Court of Justice.

It is not only the Liberals who would have benefited from proportional representation in terms of Strasbourg seats. Despite the fact that fewer Labour supporters bothered to vote than Tory, Labour did manage to win about a third of the total cast.

But they are sending only 17 MPs—or delegates as strict adherents to the Labour manifesto insist on calling them—to Strasbourg as against the Conservative delegation of 60 and the 29 which they should have won on the basis of last month's General Election result.

The average swing against Labour since the May General Election ended up at around 5.2 per cent, but among the 12 seats Labour failed to win was Liverpool, where the swing against Labour was nearer 11 per cent.

Though some Tory voluntary workers might have liked the Conservatives to have swept the board even cleaner, the feeling among some senior Tories concerned with Europe was that it would have been disastrous if Labour's delegation had been reduced to a totally unrepresentative handful.

Recriminations are bound to take place over the next few weeks as to why Labour did so badly. Yesterday, all the old splits over Europe were showing through again, with pro-Marketeers claiming that the low poll was partly the result of the way Transport House and the anti-Market-dominated Executive had bungled the campaign, and the anti-Marketeers arguing with equal force that the low poll proved just how unpopular Europe was in Britain.

Both the Tories and Labour still have to take a number of important decisions as to how they will treat their European representatives, the great majority of whom have very little experience of parliamentary affairs.

Both parties are to hold meetings the week after next to decide what access, if any, the European MPs should be allowed to have to the facilities at Westminster.

In the short-term, at least, it may be relatively easy for Westminster MPs to undermine the influence of the European delegates by pointing to the low turnout figure in last week's elections. But in the longer term, the authority of the European Parliament will depend on much more than the attitude of either the British electorate or that of Westminster MPs.

MEN AND MATTERS

Locking on the bleak side

"Every silver lining," said the man from Birmingham Cathedral, "has its cloud." The more leaden side of Sir Geoffrey Howe's proposed tax cuts is just beginning to dawn on Britain's charitable institutions, some of which depend to a large extent on covenants. The attraction of this kind of donation has been obvious to them for some time: it can be relied on, and above all the recipients can claw back a further 33 per cent from the Inland Revenue. In the case of the appeal to shore up the south end of Birmingham Cathedral, every per cent drop in the basic rate of income tax costs the cathedral £100 a year.

This is fairly small beer, but Oxfam, for example, relies for nearly 10 per cent of its annual £11m donations on covenants—the figure for the present financial year is estimated at £1m. "If the Chancellor reduces tax by 3 per cent, we reckon to lose £43,000," says Hugh Belshaw, Oxfam's finance director. "I suspect we are one of the biggest covenant collectors—we have made a major point of it."

Another spectre looming over charities is an increase in VAT, which applies to entrance fees to crypts and bell towers as well as to the takings in the bookshops. This would also particularly affect Oxfam. "If it goes up to 12½ per cent, VAT would cost us another £20,000, and if it's 15 per cent, as some people are suggesting, the bill will be another £35,000. "That's a lot of money if you are trying to raise it from the general public."

Successive governments have resisted zero-rating charities for VAT, although Belshaw sees a gleam of light in the Tory insistence that they "have a place" in the social services: "If the tax cuts are what we fear, I think the time may well be ripe to ask again about zero-rating."

His problems are, however, as nothing compared to those of the Church of England. It is less precise about its finances, but estimates its income from voluntary donations, excluding direct gifts to cathedrals, was £45.9m in 1977. Of this, £9.3m was given net through covenants. According to my calculations, the effect of a cut of 3 percentage points in income tax would be £600,000.

"At any rate, their faces are unlikely to appear on 'Wanted' notices."

Ultimate exotica

Anyone who opened a new shop yesterday might well be anxious about what will happen to VAT today. But such mundane thoughts do not unduly bother Stuart Devlin, the fashionable goldsmith who has made it to Conduit Street, Mayfair, from Geelong, Australia, by way of Clerkenwell.

Devlin's typical offerings include an Easter Egg for £22,000 and a couch for £7,500. The couch has a distinctly exotic air: his designs owe as much to the tastes of his Arab buyers as to Faberge. It is 21 years since Devlin came to London and in Clerkenwell he has a 60-strong workforce. His turnover is £500,000 a year from the unashamed opulence he purveys ("I only create objects that satisfy my own standards," he says coolly). With a Mayfair presence at £20 a square foot he hopes for a tenfold rise in turnover.

Devlin reckons that three-quarters of his additional clientele will be British.

Sugaring the levy

In well-heeled Switzerland, even those who approach strangers asking for money do so with a degree of politesse rare in parts of Europe suffering from lower GNP per capita ratios.

Sitting on a park bench in Basle yesterday, immersed in the annual report of the Bank for International Settlements, a colleague was approached by a bearded youth who ventured a standard question: "Some money to buy a cup of coffee?"

Offered a handful of small change amounting to about SwFr 1.5, the youth counted the takings, gave a brief discourse on the economics of coffee-drinking in Switzerland, then returned 50 centimes: "Thank you," said the bearded one, "I now have enough."

Talk now, pay later

Few gains were netted by any of the 35 nations which took part in the Conference on Security and Co-operation in Europe in Malta earlier this year. But the bill which has been handed out will make the participants remember the island for some while.

The total cost, as presented by the Maltese government, is £740,000. This includes £19,000 for printing, stationery and periodicals handed out to delegates; for hiring out conference halls the bill was a startling £72,000.

Another item which suggests that Dom Mintoff's government made something of a killing from the non-event is a charge of £31,000 for cleaning, "office needs" and uniforms for ushers and security staff. Most puzzling of all is a fee of £84,000 for salaries and overtime for Maltese civil servants loaned to the conference. There is a feeling in Valletta that such accounting may deter other international bodies from looking too readily towards the George Cross island.

Clearing the way

Specialist publications are a mine of curious information. I learn from Building Research Establishment News, for instance, that the estimatedannual cost of unblocking Britain's drains comes to £7m. Most of this is no doubt channelled into the pockets of the many professional unblockers of drains. (The going rate for putting in an appearance in Central London is now a minimum of around £14).

In its quest to find out why this £7m is spent, scientists have been inserting television cameras into a selection of the nation's blocked passages. The main discovery of these researches? Most seized-up drains are caused by bad workmanship when they were installed in the first place.

For all tastes

An advertisement in a New York newspaper for holidays in Hawaii invites you to "swim in the Seven Pools of Kipahulu or surface in an underwater cave where legendary lovers once met." The blurb goes on: "For sheer grandeur, Maui presents sunrise from 10,000 feet atop Halekala Crater . . . or sunset on the golden sand of the Kaanapali resorts. While on Maui, be sure to try their sweet onions and potato chips." Perhaps not exactly the diet of the legendary lovers.

Observer

FINANCIAL TIMES

Eurobond Quotations and Yields

AIBD

THE ASSOCIATION OF INTERNATIONAL BOND DEALERS

At 31st MAY, 1979

e Association of International nd Dealers (AIBD) compiles rrent market quotations and lds for Eurobond issues.

iese quotations and yields are blished monthly by the iancial Times. The sociation's prices and yields compiled from quotations ained from market-makers the last working day each month.

ere is no single stock hange for Eurobonds in usually recognised sense—ondary market trading iness is done on the phone between dealers ttered across the world's jor financial centres.

mbership of the AIBD iich was established in 1969) iprises over 450 institutions n about 27 countries.

Eurobonds in May

BY FRANCIS GHILES

May 1979 will be remembered in the Eurobond market for the tenth anniversary meeting of the Association of International Bond Dealers in London and the fierce arguments in the market about how best to manage new issues.

The confusion which surrounded the discussions at the AIBD meeting on the topic of pre-market trading, was deplored by many participants and the incoming chairman, M. Rupert Hambro has admitted to concern that the primary and secondary markets are increasingly tending to go their separate ways. The controversy about the pre-trade market is simply a symptom of a deeper malaise.

Pre-market trading is not new: it has existed for many years but has, during the past 12-18 months, become more publicised. In recent years the large institutional investors have been increasingly active players in the bond market. *They have been instrumental in* getting the managers of new issues to share much of their underwriting concession in the form of a discount from the issue price.

Generally, the small investor is charged the full price for a given issue while the institutional investor will, in most instances, receive his bonds at a discount of an average of 1½ points, the so-called selling group discount.

Added to the fact that many issues in recent months have *been mispriced (either because* intense competition between banks has led to the attribution by borrowers of mandates on terms which are not attractive to the investor or because currency and interest rate turmoil has made the pricing of new offerings an increasingly tricky business) the conditions were ripe which allowed pre-market traders to emerge with a more important role.

The quotation, in the grey market, of a new issue, at say a two point discount, is clearly not an encouraging sign for the lead manager nor is it a good prospect for the investor who may be receiving solicitations to buy the bonds directly at the full subscription price.

Some leading issuing houses *have tried to discourage this* practice, not least Crédit Suisse White Weld. It launched a $100m convertible for Crédit Suisse (Bahamas) last month and chose not to allocate a single bond to some of the major underwriters of the issue.

Indications about the level at which the issue would trade after pricing suggested a discount of up to two points. The lead manager was thus led to consider carefully which of the underwriters of the issue were finding real demand for the bonds.

It wished to avoid those who might promptly offload into the market.

What is less clear though, and what caused consternation among a number of bankers, is why the lead manager chose not to allocate any bonds to some major underwriters who confirmed they had enough real demand to cover the size of their allotments. Some banks felt that, by resorting to this tactic, CSFB wanted to teach the "grey market" a lesson and ensure that it retained firm control of the secondary market in this issue.

CSFB opened the issue at 99½ and brought it up the following day to 99½-100, a strategy which apparently cost some dealers taking positions in the grey market on the basis of a two point discount dear.

Another feature of this convertible was that CSFB was the sole lead manager. This is the second time CSFB has resorted to this tactic and it did so again at the tail end of May when it launched an issue for Alcoa. The pros and cons of this tactic were another talking point in the market: this technique is criticised on two grounds by houses which argue that having a sole manager deprives the borrower, particularly if he is coming to the market for the first time, from the benefit of having more than one view of the market and at what terms the investor would be prepared to buy paper

The second charge levelled at the tactic is that it does little to create goodwill from other banks vis-a-vis the borrower. Furthermore, banks which invite CSFB into the management group of issues they manage should be able to count on reciprocity.

It is also a poor inducement for banks underwriting the issue to perform in the secondary market. If a bank is co-manager and takes a fair share of an issue, it will want to ensure that the bonds perform well in the aftermarket. If on the other hand its underwriting effectively amounts to less than 1 per cent of an issue, there is no reason why it should bother about what happens to the bonds once they have been priced.

Other houses counter such arguments by saying that if CSFB, or for that matter any other bank has the muscle to tackle an issue on its own, all well and good. The lead manager can keep all the management fee rather than have to split it. They accept that few houses have the muscle to place a whole issue through its own branches and in its own accounts.

Most new issues during the month of May were in the form of FRNs. Fears of rising inflation and concern that U.S. interest rates had not yet peaked explain this success. In secondary market trading the undertone in the FRN sector has been firm with the prices of longer dated issues rising most.

At the end of May and the beginning of June a number of new straight dollar issues were announced, not least two for U.S. corporate names, which are always favoured by investors. How large this new volume window will be is as yet uncertain. All these issues were either pre-underwritten or lead by a sole lead manager, usually with final terms announced when the bond was launched.

This feature of the market is fast becoming the norm as banks seek to guard themselves against sudden changes in market conditions which may result from interest rate of currency moves.

The Deutsche-Mark sector has meanwhile failed to find a yield level at which it can attract investor interest and so has the Japanese bond market.

Few DM issues were launched *last month and the German* capital markets Sub-Committee decided ten days ago to limit the calendar of new issues to a single one during the month of June. This issue, for Sweden, has already been launched and well received. This is explained by the eagerness with which central banks will buy such prime quality government paper. Little trading is going on in the secondary DM market though the tone improved last week after the announcement of the terms for the latest issue for the Federal Republic—which offered a yield of more than 8 per cent on the ten year tranche.

In the Swiss market the flow of Japanese convertibles and a few straight bonds continues but trading is described by dealers as nervous.

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The table of quotations and yields gives the latest rates available on 31st May, 1979. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for, particular transactions. In quoting the rates the Association does not undertake that its members will trade in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

COMPILED FOR THE ASSOCIATION OF INTERNATIONAL BOND DEALERS BY INTERBOND SERVICES LTD. ★ *A subsidiary of data STREAM International*

Issued/ Amt Out (mln)	Year of issue/ Issue price	Borrower/ Coupon Maturity	Price	Life/ Average life	Yield to maturity/ to average life	Current yield	Yield to next call/ Next call price	Call not (date)/ Next call date	Next S/F amount (mln)/ First S/F date
		US DOLLARS-ALGERIA							
25	1977 / 100.00	BQUE EXT D'ALGERIE 9.00 15/ 8/1982	94 7/8	3.21	10.95	9.49	102	30 / 1979	1.00 / PF1978
		US DOLLARS-AUSTRALIA							
30 / 6.7	1963 / 97.50	AUSTRALIA,COMMONWEALTH 5.00 1/ 4/1983 S	93 1/2	3.84 / 2.09	7.08 / 8.64	5.42	100 1/2	30 / 1979	.83 / 1965
25 / 1.4	1960 / 97.50	AUSTRALIA,COMMONWEALTH 5.25 15/ 4/1980 S	96 5/8	.87 / .63	9.57 / 11.29	5.51	100	30 / 1979	.62 / 1962
25 / 2.1	1960 / 98.00	AUSTRALIA,COMMONWEALTH 5.25 1/10/1980 S	96	1.34 / .84	8.66 / 10.58	5.54	100	30 / 1979	.67 / 1962
25 / .7	1959 / 97.00	AUSTRALIA,COMMONWEALTH 5.50 15/ 9/1979 S	98 1/2	.29	11.14	5.66	100	30 / 1979	.70 / 1961
25 / 3.4	1961 / 97.00	AUSTRALIA,COMMONWEALTH 5.50 1/ 7/1981 S	96 1/2	2.08 / 1.09	7.74 / 9.63	5.78	100	30 / 1979	.68 / 1963
30 / 4.9	1962 / 98.25	AUSTRALIA,COMMONWEALTH 5.50 15/ 1/1982 S	95	2.63 / 1.36	8.07 / 10.08	5.87	100	30 / 1979	.81 / 1964
30 / 5.8	1962 / 97.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 7/1962 S	93 3/8	3.09 / 1.59	8.02 / 10.19	5.96	100	30 / 1979	.83 / 1965
25 / 4.9	1962 / 99.00	AUSTRALIA,COMMONWEALTH 5.50 1/10/1982 S	93 5/8	3.31 / 1.84	7.85 / 9.56	5.76	101 1/4	30 / 1979	.69 / 1965
25 / 8.3	1965 / 98.50	AUSTRALIA,COMMONWEALTH 5.50 1/ 5/1985 S	92 7/8	5.92 / 3.42	7.11 / 8.06	6.01	101	30 / 1979	1.39 / 1968
25 / 9.7	1965 / 99.75	AUSTRALIA,COMMONWEALTH 5.75 1/11/1985 S	93 3/8	6.42 / 3.43	7.17 / 8.16	6.25	103	30 / 1979	1.39 / 1968
25 / 10.9	1967 / 97.50	AUSTRALIA,COMMONWEALTH 6.50 15/ 4/1982	97 1/8	3.04 / 2.14	7.59 / 8.00	6.69	100 1/2	30 / 1979	1.56 / 1970
100	1977 / 100.00	AUSTRALIA,COMMONWEALTH 7.50 1/ 9/1984	91 1/8	5.25	9.72	8.23	101 1/2	90C / 1981	
350	1975 / 100.00	AUSTRALIA,COMMONWEALTH 7.50 1/ 2/1982	95	2.84	9.66	8.23			
125	1976 / 99.65	AUSTRALIA,COMMONWEALTH 8.125 15/11/1983 S	95 3/8	4.46	9.64	8.70	9.97 / 100	30 / 1982	
75	1976 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/ 6.1981 S	97 1/2	2.00	9.69	8.64			
120	1976 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/10/1983	95 1/4	4.34	9.62	8.66	101 1/2	90C / 1980	
125	1977 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/12/1984 S	95 1/4	5.50	9.59	8.85	9.80 / 100	30 / 1983	
150 / 150.0	1977 / 100.00	AUSTRALIA,COMMONWEALTH 8.25 1/ 9/1992	91 2/3	13.25 / 9.20	9.41 / 9.70	9.03	9.81 / 101 1/2	90C / 1988	7.50 / 1983

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Issued/ Est. o/s (mio)	Year of issue/ Issue price	Borrower/ Coupon maturity	Price	Life/ Average life	Yield to maturity/ Yld. to aver. life	Current yield	Yield to next call/ Next call price	Call not. (Days)/ Next call date	Next S/F amount (mio)/ First S/F date
		US DOLLARS-JAPAN (CONTINUED)							
5	1975 99.50	LONG TERM CREDIT BANK 9.00 15/ 6/1980	99	1.04	10.04	9.09	100	30 1979	
7	1975 99.25	MARUBENI CORP 9.75 1/ 3/1982	99 5/8	2.75	9.88	9.79	10.84 100 1/2	30 1980	2.00 PF1976
7	1976 100.00	MEIDENSHA ELECTRIC MAN 9.25 15/ 4/1981	98	1.87	10.45	9.44			
1	1974 98.50	MITSUBISHI RAYON 9.00 1/ 4/1989	102	9.84	8.68	8.82	8.64 101 1/2	90 1982	.60 PF1975
	1976 100.00	MITSUI MINING & SMELTING 9.25 26/ 2/1981	98 1/4	1.74	10.34	9.41			
	1976 99.50	MITSUI ENG & SHIP 8.75 1/ 9/1983	95 3/4	4.25	10.00	9.14	101 1/2	45 1980	
.0	1977 100.00	MITSUI PETROCHEMICAL IND 8.00 1/ 4/1984	94 3/8	4.84 3.40	9.49 10.05	8.48	101	30 1981	6.00 1981
	1975 99.00	MITSUI SHIPBUILDING-ENG 9.25 15/ 7/1980	98 3/8	1.12	10.81	9.40	100 1/2	30C 1979	
	1977 99.25	MOL INTERNATIONAL 7.75 1/ 8/1984	91 1/2	5.17	9.92	8.47	101	45C 1981	
	1976 100.00	NICHIMEN CO P 9.125 1/ 8/1981	97 1/8	2.17	10.64	9.40			
.0	1969 98.00	NIPPON ELECTRIC 7.50 15/ 5/1981 S	96 1/2	1.96 1.46	9.72 10.40	7.92	100 1/2	30 1979	1.00 1970
	1977 99.00	NIPPON FUDOSAN BANK 7.75 15/ 6/1982	93 3/4	3.04	10.24	8.27	100 1/2	30 1980	
	1976 100.00	NIPPON FUDOSAN BANK 8.00 15/11/1981	95 3/8	2.46	10.05	8.37	100 1/2	30 1979	
	1976 100.00	NIPPON FUDOSAN BANK 9.25 1/ 2/1981	97 3/4	1.67	10.72	9.46	100 1/2	60T 1980	
	1974 97.00	NIPPON FUDOSAN BANK 10.25 15/ 1/1980	99 7/8	.63	10.26	10.26			7.50 PF1976
	1977 99.50	NIPPON MINING 7.75 1/ 6/1982	94 3/4	3.00	9.86	8.18			
	1975 99.25	NIPPON SEIKO 9.25 15/ 8/1980	98 3/4	1.21	10.34	9.37			
.3	1965 97.25	NIPPON TEL & TEL 5.75 15/ 4/1980 S	96	.87 .78	10.94 11.58	6.08	100	30 1979	.83 1966
	1977 100.00	NIPPON TEL & TEL 7.625 1/ 3/1982 S	95 3/4	2.75	9.63	8.12			
	1977 100.00	NIPPON TEL & TEL 7.75 15/ 6/1984 S	93 5/8	5.04	9.58	8.45	9.93 100	30 1983	
	1976 99.50	NIPPON TEL & TEL 7.875 1/ 5/1981 S	96 3/4	1.92	10.01	8.31			
	1977 99.75	NIPPON TEL & TEL 8.125 1/ 3/1987 S	93	7.75	9.63	8.93	9.98 100	30 1985	
	1975 99.25	NISSHIN STEEL 9.25 1/ 8/1980	98 3/4	1.17	10.38	9.37			
	1976 100.00	NISSHO-IWAI CO 9.25 1/ 2/1981	98 5/8	1.67	10.12	9.38			
	1976 99.75	NYK INTL LUX 8.75 15/ 7/1981	97 1/8	2.12	10.30	9.01			
	1976 100.00	OKI ELECTRIC INDUSTRY 8.25 15/11/1981	95 5/8	2.46	10.31	8.63			
0	1976 99.75	ORIENT LEASING (CAR)NV 8.25 15/12/1983	94 7/8	4.54 3.04	9.67 10.29	8.70			5.00 1980
0	1977 99.75	ORIENT LEASING (CAR)NV 8.25 1/12/1984	94 1/8	5.50 4.00	9.65 10.10	8.76	101	45 1980	5.00 1981
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-KOREA							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-LUXEMBOURG							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-MEXICO							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-MEXICO (CONTINUED)							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-NETHERLANDS							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-NEW ZEALAND							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-NORWAY							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		US DOLLARS-NORWAY (CONTINUED)							
100	1975 99.75	NORWAY,KINGDOM OF 8.875 15/ 7/1980 S	98 7/8	1.12	10.19	9.18			
50	1975 100.00	NORWAY,KINGDOM OF 9.00 1/ 9/1980	98 5/8	1.25	10.15	9.13			
150	1979* 100.25	NORWAY,KINGDOM OF 9.50 1/ 5/1984	98 7/8	4.92	9.79	9.61			
250	1979* 99.50	NORWAY,KINGDOM OF 9.75 15/ 1/1984 S	100 7/8	4.63	9.73	9.90			
20	1975 100.00	ARDAL OG SUNNDAL 9.50 1/11/1980	98 3/4	1.42	10.40	9.62			
15 15.0	1977 100.00	ARDAL OG SUNNDAL P 8.50 15/ 9/1992	98 3/4	13.29 8.79	8.65 8.70	8.61	101 1/2	1985	1.50 1983
10 5.0	1964 99.00	BERGEN,CITY OF 5.75 15/10/1984	92	5.38 3.03	7.34 8.61	5.98	100	90C 1979	.72 1970
15 8.0	1972 98.00	BERGEN,CITY OF 8.00 1/ 4/1987	97 3/4	7.84 4.34	8.40 8.65	8.18	101	30C 1980	1.00 1973
15 8.0	1971 100.00	BORREGAARD 8.75 1/ 2/1986	96 1/2	6.67 4.05	9.46 9.83	9.07	101	30 1980	1.00 1973
50 50.0	1978* 100.00	EKSPORTFINANS 9.00 15/ 9/1986	96 5/8	7.29 5.37	9.65 9.82	9.31	10.64 101 1/2	30 1982	2.00 1979
7 2.3	1964 99.00	KRAFTLAGET OPPLANDSKRAFT 5.75 15/ 3/1984	90 3/4	4.79 2.79	8.15 9.67	6.34	100 1/2	45C 1980	.47 1970
8 3.7	1965 97.50	KRAFTLAGET OPPLANDSKRAFT 6.25 1/12/1985	90 3/4	6.50 3.50	8.13 9.39	6.89	101	45C 1979	.53 1971
15 7.0	1967 96.75	KRAFTLAGET OPPLANDSKRAFT 6.50 1/ 6/1982 S	95 1/2	3.00 1.50	8.39 10.05	6.92	100 1/2	30 1979	1.00 1967
10 4.1	1964 99.50	NORGES KOMMUNALBANK 5.75 15/ 1/1984	94 1/2	4.63 2.74	7.18 8.06	6.08	100	180C 1980	.74 1969
20 17.5	1972 99.25	NORGES KOMMUNALBANK 7.50 1/ 2/1987	90 1/4	7.67 5.33	9.32 9.94	8.31	102	30 1980	.50 DP1975
20 17.5	1972 99.00	NORGES KOMMUNALBANK 7.50 15/12/1990	87 1/8	11.54 7.93	9.36 9.91	8.61	101 3/4	30 1980	.50 DP1973
60 60.0	1976 99.50	NORGES KOMMUNALBANK 8.50 16/12/1991	93 1/8	12.55 7.05	9.45 9.89	9.13	10.26 102 1/2	90C 1985	5.00 1980
75 75.0	1977 100.00	NORGES KOMMUNALBANK 8.50 16/ 5/1992	92 1/2	12.96 7.46	9.53 9.98	9.19	10.32 102 1/2	90C 1986	6.25 1981
75 75.0	1978 99.50	NORGES KOMMUNALBANK 9.125 1/ 4/1998 S	93 7/8	18.84 11.84	9.83 9.95	9.74	10.13 102 1/2	30 1990	5.00 DP1984
50 50.0	1977 99.75	NORPIPE 8.50 15/ 3/1989	92 1/2	9.79 7.39	9.71 9.98	9.19	101 1/2	45 1982	2.00 DP1980
50 44.0	1976 99.50	NORPIPE 9.25 1/ 4/1986	97 3/4	6.84 4.75	9.70 9.86	9.46	101 1/4	45 1981	2.00 DP1978
20 6.8	1967 97.50	NORSK HYDRO-ELEKTRISK 6.875 15/10/1982 S	97 1/2	3.38 1.92	7.88 8.48	7.18	101 1/2	90T 1979	1.65 1971
50	1977 99.50	NORSK HYDRO 7.875 1/12/1982	94 1/4	3.50	9.86	8.36			
50 50.0	1977 99.50	NORSK HYDRO 8.50 1/ 3/1992	91 1/4	12.75 9.09	9.72 10.00	9.32	102	45 1982	2.00 DP1982
60	1976 99.50	NORSK HYDRO 9.00 15/ 9/1991	95	12.29	9.70	9.47	102	45 1981	2.50 PF1976
50 50.0	1978* 99.00	NORSK HYDRO 9.25 15/ 1/1994	95 3/4	14.63 10.63	9.80 9.90	9.66	101 1/4	45 1982	2.00 DP1983
50 30.0	1976 100.50	NORSK HYDRO 9.50 1/ 2/1986	99	6.67 5.03	9.69 9.75	9.60	102	45 1981	2.00 DP1980
40 40.0	1975 100.00	NORSK HYDRO 9.75 1/ 6/1985	100 1/8	6.00 4.38	9.72 9.73	9.74	102	45 1980	2.00 DP1979
6 1.6	1967 96.50	NORTHERN PAPER MILLS 6.75 1/ 9/1982 S	97 1/8	3.25 1.69	7.91 8.61	7.07	101 1/2	90T 1979	.42 1968
22	1978* 100.00	NORWEGIAN INDUSTRY BK P 8.75 30/ 6/1985	94 1/8	6.08	10.09	9.30	100 3/4	30C 1982	
15 5.6	1964 99.81	OSLO,CITY OF 5.50 15/ 9/1984 S	92 7/8	5.29 2.81	7.27 8.57	6.01	100 1/2	30 1979	.94 1969
15 6.6	1965 98.75	OSLO,CITY OF 5.75 1/ 6/1985 S	93	6.00 3.02	7.34 8.60	6.28	101	30 1979	.93 1970
15 10.5	1971 98.50	OSLO,CITY OF 8.25 1/ 3/1986	98 1/2	6.75 4.05	8.54 8.70	8.38	102	30 1979	1.35 DP1975
50 50.0	1977 99.00	OSLO,CITY OF 8.75 1/11/1997 S	93 3/8	18.42 11.49	9.74 9.95	9.59	10.16 102 1/4	30 1989	3.30 DP1983
20 11.6	1970 100.00	OSLO,CITY OF 9.00 1/ 5/1985	99	5.92 3.64	9.22 9.35	9.09	102 1/2	30 1979	1.60 DP1972
40 32.8	1976 100.50	OSLO,CITY OF 9.00 1/ 3/1988	98 3/4	8.75 4.80	9.20 9.32	9.11	9.64 101	30 1982	3.60 DP1978
15 6.0	1964 98.25	ROLDAL-SULDAL 5.75 10/11/1984 S	92 1/2	5.45 2.95	7.59 8.88	6.31	100	90T 1979	1.00 1970
15 7.0	1965 98.50	ROLDAL-SULDAL 6.25 26/10/1985 S	92 7/8	6.41 3.41	7.82 8.90	6.84	100 1/2	90T 1979	1.00 1971
25 12.5	1965 97.75	SIRA-KVINA 5.75 20/ 1/1985 S	90 1/2	5.64 3.30	8.02 9.36	6.45	100	90T 1980	1.81 1971
12 3.0	1970 99.50	SIRA-KVINA 9.00 15/ 2/1985 S	99 1/8	5.71 3.31	9.41 9.53	9.29	102	30T 1980	.80 1971
10 4.3	1964 99.50	TYSSEFALDENE 6.00 25/ 3/1984	93 7/8	4.82 2.93	7.56 8.44	6.39	100 1/2	90C 1980	.77 1970
		US DOLLARS-PANAMA							
25	1977 100.00	PANAMA,REPUBLIC OF L 9.25 1/11/1982 S	94 7/8	3.42	11.39	9.99			1.00 PF1978
30	1978 100.00	PANAMA,REPUBLIC OF L 9.50 15/ 3/1987	94 5/8	7.79	10.53	10.04	101 1/2	60 1983	1.00 PF1979
		US DOLLARS-PAPUA N.G.							
25 22.6	1977 100.00	BOUGAINVILLE COPPER FIN 8.75 1/ 5/1984	92 7/8	4.92 4.39	10.68 10.89	9.42	100 1/2	30 1981	1.20 DP1978
		US DOLLARS-PHILIPPINES							
15 1.2	1965 98.50	PHILIPPINES,REPUBLIC OF 6.50 15/ 1/1980 S	94 1/2	.63 .37	14.75 24.19	7.00	100	30 1979	.60 1965
		US DOLLARS-PORTUGAL							
20 8.0	1964 97.50	PORTUGAL,REPUBLIC OF 5.75 1/ 6/1984 S	89 1/4	5.00 2.50	8.61 11.06	6.55	100	90C 1979	1.33 1970
20 3.0	1965 97.50	PORTUGAL,REPUBLIC OF 5.75 1/ 2/1985 S	89 5/8	5.67 3.18	8.23 9.85	6.52	100 3/4	30 1979	1.33 1971
		US DOLLARS-SINGAPORE							
20 15.8	1972 100.00	SINGAPORE,GOVERNMENT OF 7.75 1/11/1987	96 7/8	8.42 4.69	8.27 8.58	8.00	102	60 1980	1.40 1976
15	1977 99.50	KEPPEL SHIPYARD 8.625 15/10/1984	94 7/8	5.38	9.88	9.09	101	30 1981	1.00 PF1978
		US DOLLARS-SINGAPORE (CONTINUED)							
25	1976 99.63	KEPPEL SHIPYARD 9.00 15/ 8/1983	97 1/8	4.21	9.85	9.27	101	30 1980	1.00 PF1977
12 12.0	1975 100.00	KEPPEL SHIPYARD 9.50 1/ 7/1982	99 7/8	3.08 1.58	9.54 9.63	9.51	101	30 1979	3.00 1979
12 10.5	1976 99.50	SMB SINGAPORE D 8.50 15/11/1983	97 1/8	4.46 3.03	9.29 9.63	8.75			1.50 1978
10 6.4	1971 100.00	SINGAPORE DEVT BANK 6.50 15/ 1/1982	96 3/4	2.63 2.06	9.93 10.32	8.79	101	30 1979	1.20 1976
		US DOLLARS-SOUTH AFRICA							
25 19.0	1972 98.00	SOUTH AFRICA,REPUBLIC OF 7.75 15/12/1987	81 5/8	8.54 6.65	11.18 11.88	9.49	102	60 1980	1.00 1973
25 20.0	1972 99.50	SOUTH AFRICA,REPUBLIC OF 8.00 1/ 2/1987	86	7.67 4.57	10.75 12.14	9.30	102	30 1980	2.00 1975
25	1976 98.00	SOUTH AFRICA,REPUBLIC OF 9.75 15/ 2/1981	97 5/8	1.71	11.29	9.99			3.00 PF1977
50 45.5	1972 97.00	ANGLO-AMERICAN CORP 7.50 1/ 3/1987	83 5/8	7.75 5.29	10.70 11.84	8.97	102 1/2	90 1979	1.50 1977
28 20.6	1967 99.50	DE BEERS CONS MINES 6.50 1/ 6/1982	94 3/4	3.00 1.50	8.56 10.52	6.86	100 1/2	60C 1980	5.20 1973
20 12.5	1971 98.00	ESCOM 8.50 1/12/1986	92 1/4	7.50 4.14	10.00 10.91	9.21	102	120C 1979	1.50 1974
15 12.5	1974 98.50	ESCOM 9.25 1/ 3/1989	92 5/8	9.75 5.91	10.48 11.00	9.99	11.58 101 1/2	30 1984	.50 DP1975
25	1975 100.00	ESCOM 10.00 20/ 6/1980	98 1/8	1.05	11.97	10.19			
30 30.0	1975 99.50	ESCOM L 10.25 15/10/1983	99 3/4	4.35 2.88	10.29 10.35	10.28	10.32 100	30 1981	4.50 DP1979
25	1975 98.50	ISCOR 10.00 5/ 9/1980	98	1.27	11.70	10.20			
		US DOLLARS-SPAIN							
20 16.9	1967 99.50	AUTOPISTAS 7.00 1/ 7/1987	92 3/4	8.08 4.08	8.26 9.20	7.55	103	60 1979	1.88 1973
20 16.0	1972 100.00	I.N.I. (SPAIN) 8.00 1/10/1987	95 5/8	8.34 4.77	8.75 9.17	8.37	101 1/2	30 1980	1.00 DP1975
15 14.0	1972 99.50	PETRONOR 7.75 4/ 1/1988	88 3/4	8.60 5.11	9.73 10.69	8.73	101 1/2	90T 1982	1.00 1979
15 11.8	1971 99.50	PETRONOR 8.50 30/12/1986	93 3/4	7.58 4.56	9.69 10.25	9.07	102	105C 1980	.60 1972
50	1976 99.00	RENFE 9.25 1/12/1983	97 7/8	4.50	9.83	9.45	101	30 1980	2.50 PF1977
		US DOLLARS-SWEDEN							
100	1977 99.00	SWEDEN,KINGDOM OF 7.50 15/ 6/1982	94 1/4	3.04	9.77	7.96			
100 96.0	1977 99.75	SWEDEN,KINGDOM OF 8.25 15/ 6/1987	92 1/2	8.04 6.54	9.63 9.86	8.92	101 1/2	45 1983	4.00 1978
100	1977 99.25	SWEDEN,KINGDOM OF 8.50 15/11/1987 S	94	8.46	9.78	9.25	9.68 100	30 1986	
100 100.0	1977 99.75	SWEDEN,KINGDOM OF 9.00 15/11/1997 S	94 1/2	18.46 11.43	9.87 10.05	9.75	10.29 103.32	30 1989	6.70 DP1983
125 125.0	1978 99.00	SWEDEN,KINGDOM OF 9.25 1/ 6/1998 S	96 1/4	19.00 11.95	9.92 10.03	9.64	10.23 103.04	30 1990	8.40 DP1984
200	1979* 99.38	SWEDEN,KINGDOM OF 9.50 15/ 4/1986 S	99 3/8	6.87	9.85	9.79	9.89 100	30 1984	
100	1979* 99.25	SWEDEN,KINGDOM OF 9.75 1/ 5/1989	99 1/4	9.92	9.87	9.82	10.42 102	30 1983	8.00 PF1980
25 25.0	1978 100.00	AGA AKTIEBOLAG 9.25 15/ 6/1988	95 1/8	9.04 6.06	10.09 10.37	9.72	101 1/2	30 1981	1.00 DP1979
15 3.3	1965 97.00	ASEA 6.00 15/ 6/1980 S	95 5/8	1.04 .56	10.83 14.57	6.37	10.63 100	90T 1980	1.50 1969
30 22.0	1971 98.00	ASEA 8.50 1/ 3/1986	93 1/2	6.75 4.39	9.85 10.42	9.09	100 3/4	45C 1980	2.40 1974
20 10.7	1970 98.75	ATLAS COPCO 9.50 1/ 8/1985	98 1/8	6.17 3.70	9.91 10.14	9.68	100 1/4	30 1980	1.00 DP1971
15 3.0	1965 99.25	ERIKSBERGS 6.00 1/11/1980	95 3/8	1.42 .92	9.59 11.58	6.29	100	30 1979	1.50 1971
15 4.0	1967 99.75	ERIKSBERGS 6.75 15/ 3/1982	95 3/4	2.79 1.79	8.51 9.41	7.05	100	30 1979	1.35 DP1969
20 20.0	1977 99.50	ESSELTE 8.50 15/ 2/1984	95 1/8	4.71 3.01	9.82 10.46	8.94	101 1/2	45 1981	3.00 1980
15 3.0	1965 99.00	GOTAVERKEN 6.00 1/12/1980	95 3/4	1.50 1.00	9.11 10.70	6.27	100	30 1979	1.50 1971
40	1977 100.00	GOTAVERKEN 7.625 15/ 9/1982	94	3.29	9.82	8.11			
40	1976 100.50	GOTAVERKEN 8.00 15/ 1/1982	96 1/8	2.63	9.70	8.32			
40 38.0	1977 99.50	GOTAVERKEN 8.125 15/ 9/1987	91 3/4	8.29 6.24	9.60 9.95	8.86	101	45 1982	2.00 1978
20	1976 99.00	GOTAVERKEN P 8.25 1/10/1983	94 1/8	4.34	9.96	8.76	101 1/2	30 1980	
30 30.0	1976 100.00	GOTAVERKEN 8.25 15/ 1/1985	94 3/4	5.63 3.63	9.48 10.02	8.71	10.96 101	60 1982	6.00 1981
30	1977 99.50	GOTHENBURG,CITY OF 8.75 15/12/1987	94 1/8	8.54	9.78	9.30	10.27 100 3/4	30C 1984	1.68 PF1978
15 8.1	1967 97.30	GRANGES 6.75 16/10/1987 S	84 7/8	8.38 4.38	9.62 11.53	8.11	102	30T 1979	.90 1970
15 10.0	1971 100.00	GRANGES 8.50 15/ 2/1989	92	9.71 5.21	9.80 10.57	9.24	104	30C 1981	1.00 1973
30	1975 100.00	GRANGES 9.75 15/12/1980	98 3/4	1.54	10.58	9.87	101	45 1979	
20 15.0	1975 98.00	GRANGES 9.75 1/ 5/1985	99 5/8	5.92 4.07	9.83 9.86	9.79	102	45C 1980	1.25 DP1976
15 2.5	1965 99.25	KOCKUMS 6.00 1/ 9/1980	97	1.25 .75	8.59 10.36	6.19	100	30 1979	1.25 1969
50 50.0	1976 100.00	KOCKUMS 8.00 15/11/1983	96 5/8	4.46 2.46	8.93 9.36	8.28	101 1/2	45 1980	10.00 1979
20 8.4	1966 97.25	L.M. ERICSSON 6.50 15/ 3/1986 S	95 3/8	6.79 3.79	7.51 8.09	6.83	101 1/2	90T 1980	1.20 1969
35	1976 100.00	L.M. ERICSSON 8.50 15/ 9/1983	95 3/4	4.29	9.73	8.88	101	45C 1980	
30 30.0	1977 100.50	L.M. ERICSSON 8.50 15/ 4/1989	93 1/8	9.87 6.87	9.60 9.92	9.13	101 1/2	45C 1982	2.00 DP1980
30 19.2	1970 99.50	L.M. ERICSSON 9.25 1/12/1985	98 5/8	6.50 4.04	9.52 9.67	9.38	10.36 100 1/4	45C 1980	2.25 1971
35 31.5	1976 100.00	L.M. ERICSSON 9.25 15/ 9/1991	97 3/4	12.29 10.44	9.56 9.59	9.46	10.02 101 1/2	45C 1984	1.10 DP1977

US DOLLARS-SWEDEN (CONTINUED)

Issued / Amt. out.	Year of issue / Issue price	Borrower / Coupon Maturity	Price	Life / Average life	Yield to maturity / To avge life	Current yield	Yield to next call / Next call price	Call not (days) / Next call date	Next S/F amount / First S/F date
25	1976	MO OCH DOMSJO	89 3/4	7.38	11.08	10.03		60	1.75
	100.00	9.00 15/10/1986					101 1/2	1981	PF1977
45	1976	MO OCH DOMSJO	94 3/4	3.71	11.27	10.03		60	1.00
	100.00	9.50 15/ 2/1983					100 1/2	1980	PF1977
50	1977	SAAB-SCANIA	91 1/2	9.79	9.28	9.29		30C	2.50
	99.25	8.50 15/ 3/1989					101 1/2	1983	PF1978
15	1971	SANDVIK	97 1/4	7.17	9.76	9.47		45T	.75
12.0	98.50	9.00 1/ 8/1986 S		4.68	10.01		102	1981	1973
30	1976	SANDVIK	95 1/4	6.87	9.85	9.67		45	1.50
25.5	100.50	9.50 15/ 4/1986		5.05	9.96		102	1981	1977
30	1972	SCANTAPP	88 1/8	11.54	9.20	8.51		30	1.00
25.0	100.25	7.50 15/12/1990		7.60	9.77		100 3/8	1980	DP1975
30	1973	SCASRAFT	94 1/8	9.38	9.59	9.16		30	1.00
27.5	99.75	8.625 15/10/1988		6.98	9.82		100 3/8	1979	DP1975
40	1976	SKANDINAVISKA ENSKILDA	95	12.50	9.69	9.47		30	1.50
37.0	100.00	9.00 1/12/1991		7.92	9.93		102	1982	1977
30	1977	SKF	93	7.63	9.31	8.60		30	1.83
27.0	100.50	8.00 15/ 1/1987		5.59	9.66		101	1982	DP1978
20	1976	SODRA SKOGSAGARNA	91 1/8	7.54	11.28	10.43		45	3.00
20.0	99.50	9.50 15/12/1986		5.14	11.89		101 1/2	1981	1981
20	1976	SPARBANKERNAS BANK	97 3/8	4.25	9.51	8.99	10.49	90C	3.50
20.0	99.50	8.75 1/ 9/1983		2.35	10.03		101	1981	1979
30	1977	SPARBANKERNAS BANK	94 1/2	8.63	9.70	9.26	10.87	90C	3.00
27.5	100.00	8.75 15/ 1/1988		4.70	10.26		101	1983	1979
40	1977	STATSFORETAG	95	2.67	9.94	8.16			
	100.50	7.75 1/ 2/1982							
30	1975	STATSFORETAG	98 1/2	1.29	10.47	9.39			
	99.00	9.25 15/ 9/1980					100	1979	
50	1977	STOCKHOLM,CITY OF	94 3/4	12.71	9.83	9.59	10.30	30	5.00
50.0	100.00	8.875 15/ 2/1992 S		8.21	10.06		102.05	1987	DP1983
60	1979*	STOCKHOLM,CITY OF	100	14.79	9.98	9.99	10.29	30	6.00
60.0	99.00	9.75 15/ 3/1994 S		10.29	9.98		103.37	1987	DP1985
30	1976	SVENSKA HANDELSBANKEN	98 3/4	6.75	9.49	9.37	10.56	90C	1.00
27.5	99.00	9.25 1/ 3/1986		4.90	9.57		101	1981	1977
25	1976	SWEDISH EXPORT CREDIT P	96	4.35	9.20	8.37		30C	1.80
16.0	100.00	7.875 15/10/1983 S		2.35	10.06		101	1980	1977
25	1975	SWEDISH EXPORT CREDIT	99	2.87	9.39	9.09		30	3.50
11.0	99.00	9.00 15/ 4/1982		1.92	9.58		100 1/2	1979	1976
15	1973	SWEDISH INVESTMENT BANK	89 3/4	8.63	9.26	8.36		45C	.50
12.0	100.00	7.50 15/ 1/1988		5.34	10.07		101	1981	1974
15	1972	SWEDISH INVESTMENT BANK	97	8.42	8.25	7.99		45C	.50
12.0	99.00	7.75 1/11/1987		5.13	8.49		101	1980	1973
15	1976	SYDKRAFT	95 5/8	7.29	10.11	9.67		60	2.00
15.0	100.00	9.25 15/ 9/1986		5.09	10.39		101 1/2	1981	1981
33	1976	UDDEVALLAVARVET P	95 7/8	4.50	9.08	8.25		30C	2.30
23.1	100.00	7.75 1/12/1983 S		2.26	10.08		101	1980	1977
23	1977	UDDEVALLAVARVET P	91 7/8	5.29	9.77	8.44		30	2.50
23.0	100.00	7.75 15/ 9/1984		4.21	10.21		101	1981	1980
25	1972	VOLVO	90 1/8	8.25	9.40	8.68		60	1.20
22.6	100.50	8.00 1/ 9/1987		5.41	9.94		101 1/2	1980	DP1977
35	1977	VOLVO	91	7.75	9.69	8.79		60	1.75
	100.00	8.00 1/ 3/1987					101 1/2	1982	PF1978
25	1975	VOLVO	99	5.75	9.72	9.60		60	1.25
	99.50	9.50 1/ 3/1985					101 1/2	1980	PF1976

US DOLLARS-SWITZERLAND

Issued / Amt. out.	Year of issue / Issue price	Borrower / Coupon Maturity	Price	Life / Average life	Yield to maturity / To avge life	Current yield	Yield to next call / Next call price	Call not (days) / Next call date	Next S/F amount / First S/F date
35	1971	ALUSUISSE INT SW	96 3/4	2.08	8.76	7.24			5.63
17.5	100.00	7.00 1/ 7/1981		1.08	10.30		101	1979	1976
75	1977	FIAT FIN CORP	95	3.17	9.90	8.42		30C	
	100.00	8.00 1/ 8/1982					100 1/2	1981	
35	1972	SWISS ALUMINIUM AUST LTD	95 3/4	8.08	8.75	8.36		30	3.50
31.5	98.50	8.00 1/ 7/1987		4.08	9.29		102	1981	1978

US DOLLARS-VENEZUELA

Issued / Amt. out.	Year of issue / Issue price	Borrower / Coupon Maturity	Price	Life / Average life	Yield to maturity / To avge life	Current yield	Yield to next call / Next call price	Call not (days) / Next call date	Next S/F amount / First S/F date
15	1965	VENEZUELA,REPUBLIC OF	96	.87	11.48	6.62		30	.50
1.5	99.00	6.25 15/ 4/1980 S		.71	12.78		100	1979	DP1966
100	1977	VENEZUELA,REPUBLIC OF	94 5/8	3.04	10.21	8.50			
	99.89	7.675 15/ 6/1982 S							
100	1977	VENEZUELA,REPUBLIC OF	93 1/8	4.71	9.88	8.59		30	
	99.50	8.00 15/ 2/1984					101	1981	
100	1977	VENEZUELA,REPUBLIC OF	92 3/8	5.38	10.17	8.96	10.52	30	
	99.75	8.125 15/10/1984 S					100	1983	
50	1977	VENEZUELA,REPUBLIC OF	92	13.38	10.08	9.74	10.61	30	5.00
50.0	99.50	8.75 15/10/1992 S		8.88	10.39		101.91	1987	DP1983
15	1972	VENEZUELA TEL	93	8.54	9.69	9.07		30	.35
11.2	100.00	8.25 15/12/1987 S		5.49	10.18		101	1980	DP1973

US DOLLARS-UTD KINGDOM

Issued / Amt. out.	Year of issue / Issue price	Borrower / Coupon Maturity	Price	Life / Average life	Yield to maturity / To avge life	Current yield	Yield to next call / Next call price	Call not (days) / Next call date	Next S/F amount / First S/F date
200	1978	UNITED KINGDOM	95 7/8	5.92	9.64	9.06	9.80	30	
	100.00	8.50 1/ 5/1985 S					100	1984	
150	1978	UNITED KINGDOM	95 1/2	13.92	9.69	9.51	10.01	30	16.70
150.0	99.00	8.875 1/ 5/1993 S		9.91	9.62		101.62	1988	DP1985
30	1973	AIRLEASE INT FIN	95 1/8	9.34	9.55	9.20		60	3.00
30.0	100.00	8.75 1/10/1988		4.34	10.07		102	1980	DP1979
20	1971	AIRLEASE INT FIN	98 1/8	7.17	9.36	9.17		60	2.00
16.0	100.00	9.00 1/ 8/1986		3.67	9.64		102	1981	DP1975
30	1979*	ALEXANDER HOWDEN FIN WW	97 1/8	12.00	9.92	9.78	10.42	30	2.00
30.0	99.00	9.50 1/ 6/1991		8.94	10.00		102	1985	DP1984
30	1979*	ALEXANDER HOWDEN FIN XW	88 7/8	12.00	11.23	10.69	12.49	30	2.00
30.0	99.00	9.50 1/ 6/1991		8.94	11.36		102	1985	DP1984
60	1977	ASHLAND OIL (GB)	95 3/4	2.92	9.22	7.83		30	15.00
45.0	100.50	7.50 1/ 5/1982		1.92	10.03		101 1/2	1979	1979
20	1972	B.I.C.C. FIN	90 3/4	7.67	9.39	8.54		60C	1.35
13.9	99.50	7.75 1/ 2/1987		4.33	10.46		101	1982	DP1975
20	1971	BARCLAYS BANK INT	96 1/4	7.50	8.95	8.57		60	2.00
1?.0	100.00	8.25 1/12/1986		4.00	9.41		102	1979	DP1977
50	1976	BARCLAYS BANK INT P	97	5.92	9.81	9.41			16.00
50.0	100.00	9.125 1/ 4/1985		4.84	9.92				1983
25	1976	BARCLAYS BANK INT	96 1/4	7.87	9.62	9.48			8.00
25.0	100.00	9.125 15/ 4/1987		6.87	9.89				1983
50	1975	BARCLAYS BANK INT	99 1/4	3.08	9.53	9.32		60	2.00
	100.00	9.25 1/ 7/1982					101	1980	PF1977
100	1977	BARCLAYS O SEAS INVEST	92 5/8	13.29	9.49	9.18		45	4.00
	100.00	8.50 15/ 9/1992					101 1/4	1984	PF1978
1	1967	BEECHAM INT	89 7/8	2.17	12.00	7.08		30	
	100.00	6.25 31/ 7/1981 S					101 1/2	1979	
45	1971	BEECHAM INT	94 3/4	6.67	9.33	8.71		60	2.50
31.0	100.00	8.25 1/ 2/1986		4.63	9.69		100	1981	1974

US DOLLARS-UNITED STATES (CONTINUED)

Issued / Amt. out.	Year of issue / Issue price	Borrower / Coupon Maturity	Price	Life / Average life	Yield to maturity / To avge life	Current yield	Yield to next call / Next call price	Call not (days) / Next call date	Next S/F amount / First S/F date
35	1965	MOBIL OIL INT FIN	94 1/8	7.21	8.25	7.59		30C	2.00
25.0	96.50	7.00 15/ 8/1986 S		4.75	8.71		102	1979	1972

هكذا الاصل

US DOLLARS—FLOATING RATE (CONTINUED)

Issued/Est o/s (MN)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Life/Average life	Yield to maturity/to avge life	Current yield	Yield to next call/Next call price	Call not (days)/Next call date	Next S.F. amount (MN)/First S/F date
30	1977 100.00	IND & MIN DV BE 6.75:3/4 11.563 14/ 4/1984 S	98	4.87		13.1-	100	30C 1980	
25 14.0	1970 100.00	ISPILCO 7.5:1.0 12.25 31/ 7/1980 S	100 1/8	1.17 1.10		12.23	100	60C 1980	1.00 1971
20	1978 100.00	[illegible] 7.25:1/2 11.375 24/ 5/1983 S	98 1/2	5.98		11.53	100	30C 1981	
120	1977 100.00	INT WESTMINSTER BK 6:1/4 11.063 20/ 4/1984 S	99 5/8	4.89		11.10	100	60C 1981	
50	1978 100.00	[illegible] 5.75:1/4 11.00 27/ 4/1985 S	99	5.91		11.11	100	30C 1981	
20	1977 99.00	JUGOBANKA 7.5:1.0 12.125 1/ 8/1983 S	99 3/4	4.17		12.28			2.00 PP1978
50 53.0	1979* 100.00	JUGOBANKA 6:7/8 11.875 23/ 5/1989 S	98 3/4	9.98 4.28		11.27			5.00 1984
30	1977 100.00	KANSALLIS-OSAKE 6.5:1/4 12.25 20/ 7/1983 S	99 5/8	4.14		12.30	100	30C 1983	
20	1976 100.00	[illegible] INT 7.50:1/4 11.813 15/ 9/1981 S	99	2.29		11.4-			
40	1977 100.00	[illegible] INT 6.75:1/4 11.313 15/ 9/1984 S	99	5.29		11.43			
20 33.0	1978* 100.00	LJUBLJANSKA BKA 7.75:1.0 12.938 19/ 7/1985 S	98 1/2	6.13 4.63		13.13	102	45C 1981	7.50 1982
75	1976 100.00	LLOYDS EUROFIN 7.25:1/4 12.125 31/ 5/1983 S	100 1/8	4.00		11.11	100	30C 1980	
20	1976 100.00	LONG TERM CRED 6.25:1/4 12.00 15/12/1981 S	100 1/8	2.56		11.99	100	30C 1979	
40	1977 100.00	LONG TERM CRED 6.375:1/4 11.813 27/ 7/1982 S	100	3.16		11.81	100	30C 1980	
40	1978 100.00	LONG TERM CRED 6:1/4 11.563 15/ 2/1983 S	99 7/8	3.71		11.58	100	30C 1981	
75	1978* 100.00	LONG TERM CRED 5.25:1/4 11.625 8/11/1985 S	99 5/8	6.44		11.67	100	30C 1981	
50	1979* 100.00	LONG TERM CRED 5.5:1/4 5.50 7/ 6/1989 S	96 7/8	10.02		5.56	100	30C 1984	
100	1979* 100.00	MAN HAN O/S CAP 5.25:1/8 11.188 23/ 5/1994 Q	99 3/8	14.98		11.26	100	30C 1984	
50	1976 100.00	MIDLAND BANK 7.5:1/4 11.50 16/ 2/1983 S	100 1/2	3.72		11.44	100	30C 1980	
50	1975 100.00	MIDLAND BANK 8.0:1/4 11.50 12/11/1982 S	100 3/4	3.45		11.41	100	30C 1980	
50	1977 100.00	MIDLAND INTL FIN 6:1/4 11.375 17/ 5/1987 S	99 5/8	7.96		11.42	100	30C 1983	
125	1978* 100.00	MIDLAND INTL FIN 5.5:1/4 12.25 20/ 7/1993 S	99 1/4	14.14		12.34	100	30C 1983	
100	1977 100.00	NACIONAL FINANCIERA 16:1 13.625 5/ 1/1993 S	101 1/2	13.60		13.42			
150	1976* 100.00	NATIONAL WEST 5.5:1/4 12.50 21/ 6/1990 S	99 1/4	11.06		12.59	100	45 1982	
20	1978 100.00	NIPPON CREDIT 5.75:1/4 11.313 15/ 3/1983 S	99 1/2	3.79		11.37	100 1/2	30 1981	
30	1978* 100.00	NIPPON CREDIT BE 5.5:1/4 12.813 22/12/1985 S	99 5/8	6.55		12.85	100	30C 1982	
100 100.0	1978* 100.00	OFFSHORE MINING CO 1/4 12.188 19/ 7/1986 S	99 3/8	7.13 6.76		12.26	100	30C 1979	25.00 1985
40	1975 100.00	OSTERREICHS KONT 6.5:1/4 11.313 17/11/1982 S	100 1/4	3.47		11.28	100	30C 1979	
50	1978* 100.00	OSTERR KONTRL L 5.75:1/4 11.438 18/10/1985 S	99 1/2	9.38		11.49	100	30C 1981	
70 70.0	1975* 100.00	PANAMA, REPUBLIC OF 7:1 12.563 31/ 8/1990 S	99 1/8	11.25 6.98		12.67			3.50 1981
25	1975 100.00	PARIBAS 7.25:1/4 12.25 8/12/1980 S	100 1/2	1.53		12.19	100	30C 1979	
100	1979* 100.00	PETROLEOS MEXICANO 7:1/4 12.063 24/ 1/1984 S	99 1/4	4.65		12.15			
25	1976 100.00	POPULAR ESP INT 7.25:1/4 11.125 30/11/1981 S	99 7/8	2.50		11.14	100	30C 1979	
20	1979* 100.00	PICA 7:1/2 11.563 8/ 2/1986 S	98 7/8	6.69		11.82	100	30C 1982	
25 25.0	1977 97.00	PETROBRAS BANKA 8:1-1/4 13.438 6/ 1/1985 S	98 3/4	5.60 4.20		13.61			2.50 1981
50 50.0	1978* 100.00	PETROBRAS BANCO 8:7/8 13.438 22/12/1986 S	96 1/2	7.56 5.31		13.92	101	45C 1985	5.00 1982
30	1976 100.00	ROYAL BANK-SCOT 7.75:1/4 11.688 6/ 5/1983 S	100 3/4	3.93		11.60	100	30C 1980	
50 47.0	1978 100.00	S.F.E.F. 8:3/4 11.75 5/ 8/1983 S	99 7/8	3.85 3.46		11.76	100 1/2	60 1982	3.00 1979
50 40.0	1974 100.00	S.F.T.E. 8:3/4 12.625 7/ 6/1984 S	100 1/8	5.02 3.52		12.61	100	60C 1979	4.00 1975
50	1977 100.00	S.A.C.P. 6.25:1/4 11.00 2/ 2/1997 S	99 1/2	17.68		11.06	100	60C 1980	
75	1976 100.00	SOCIETE GENERALE 7:1/4 11.438 15/ 5/1981 S	100 1/8	1.96		11.42	100	30 1979	
60	1977 100.00	SOCIETE GENERALE 3/8 11.188 1/10/1984 S	99 7/8	5.34		11.20	100	60 1981	
50 50.0	1979* 100.00	SONATRACH 7.5:1 12.313 15/ 2/1991 S	97 3/4	11.71 9.24		12.60	100	30C 1982	2.50 1985
50	1978* 100.00	SONATRACH L 7.25:3/4 12.688 7/12/1992 S	95 1/2	13.52		13.57			
50	1977 100.00	STANDARD CHART 6.25:1/4 11.125 31/ 5/1984 S	99 7/8	5.00		11.14	100	30C 1981	
100	1978* 100.00	STANDARD CHART 5.5:1/4 11.563 10/ 8/1990 S	98 5/8	11.15		11.72	100	30C 1983	
15	1977 100.00	SUMITOMO BANK 5.5:1/4 11.50 12/ 5/1980 S	100	.95		11.50			
25	1978 100.00	SUMITOMO REALTY 5.75:1/4 11.125 16/ 3/1983 S	100	3.79		11.13	100	30C 1982	
30	1978* 100.00	SUNDSVALLSBANKEN 6:1/4 11.063 4/10/1985 S	98 3/8	6.35		11.25	100	30C 1982	
35	1979* 100.00	TEXAS INT AIR CAP 7:3/4 11.25 11/ 4/1986 Q	97 5/8	6.86		11.52	100	30C 1982	2.00 PP1980
30	1979* 100.00	THAILAND, KINGDOM 7:1/4 11.313 15/ 9/1984 S	97 3/4	4.79		11.57			
30	1979* 100.00	TVO POWER (D-LOCK) 9:1/4 11.125 25/ 5/1991 S	98 5/8	11.96		11.28	101	30C 1984	
25	1977 100.00	U.B.A.F. 7.25:1/4 12.125 7/12/1982 S	99 5/8	3.52		12.17	100	45 1980	
25	1976 100.00	U.B.A.F. 7.5:1/4 12.188 3/ 6/1981 S	99 3/4	2.01		12.22	100	30 1979	
25	1977 100.00	U.B.A.F. 6.75:1/4 11.25 23/ 3/1982 S	99 1/2	2.81		11.31	100	45 1980	
30	1977 100.00	UNION BK-FINLAND 6.5:1/4 11.063 20/ 4/1982 S	99 1/2	2.89		11.12	100	30C 1979	
25	1976 100.00	UNITED OVERSEAS BK 7:1/4 11.00 24/11/1981 S	99 7/8	2.48		11.01	100	30C 1979	
25	1978 100.00	UNITED OVERSEAS BK 6:1/4 11.438 4/ 5/1983 S	99 1/2	3.93		11.49	100	30C 1981	
25	1979* 100.00	UNITED OVERSEAS BK 6:1/4 11.188 29/ 3/1989 Q	98	9.83		11.42	100	30C 1984	
25	1976 100.00	URQUIJO INTL 7.25:1/4 12.50 21/12/1981 S	99 7/8	2.56		12.52	100	30C 1979	
30	1979* 100.00	URQUIJO INTL 6:1/4 11.50 21/ 3/1986 S	98 3/8	6.81		11.69	100	30C 1981	
25	1976 100.00	VIZCAYA INT 7.25:1/4 11.50 12/11/1981 S	99 3/4	2.45		11.53	100	30C 1979	
40	1977 100.00	WILLIAMS & GLYNS 6.5:1/4 11.313 28/ 2/1984 S	99 3/4	4.75		11.34	100	30C 1981	

AUSTRALIAN DOLLARS

Issued/Est o/s (MN)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Life/Average life	Yield to maturity/to avge life	Current yield	Yield to next call/Next call price	Call not (days)/Next call date	Next S.F. amount (MN)/First S/F date
15	1976 99.25	AUSTRALIAN IND DEVT CORP 10.00 1/10/1983	95	4.34	11.49	10.53	100 1/2	30 1980	
10	1977 100.00	AUSTRALIAN RESOURCES 10.00 1/12/1982	95	3.50	11.77	10.53	12.37 100	30 1981	
15	1978 100.00	CITICORP O/S FIN L 10.50 15/ 2/1985	98	5.71	10.96	10.71	11.38 101	30 1983	1.50 PF1979
15	1979* 99.50	CITICORP O/S FIN L 11.00 1/ 2/1984	98	4.67	11.54	11.22			1.50 PF1980
12	1978 100.00	BANK OVERSEAS HOLDINGS 11.50 1/ 7/1983	95 1/2	4.06	12.97	12.04			

AUSTRIAN SCHILLINGS

Issued/Est o/s (MN)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Life/Average life	Yield to maturity/to avge life	Current yield	Yield to next call/Next call price	Call not (days)/Next call date	Next S.F. amount (MN)/First S/F date
275	1974 99.00	OSTERREICHE KONTROLLBANK 9.50 14/ 8/1979	100 1/4	.21	7.91	9.48			

BAHRAINI DINARS

Issued/Est o/s (MN)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Life/Average life	Yield to maturity/to avge life	Current yield	Yield to next call/Next call price	Call not (days)/Next call date	Next S.F. amount (MN)/First S/F date
12 12.0	1977 100.00	NAT ALGERIE NAVIGATION 8.75 1/ 8/1987	94 1/4	8.17 5.67	9.79 10.13	9.28	100 1/2	60C 1979	2.00 1982
15 15.0	1977 100.00	PETROLEOS MEXICANOS L 8.75 15/11/1987	95 1/4	8.46 6.46	9.58 9.75	9.19	101	60C 1980	5.00 1983

CANADIAN DOLLARS

Issued/Est o/s (MN)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Life/Average life	Yield to maturity/to avge life	Current yield	Yield to next call/Next call price	Call not (days)/Next call date	Next S.F. amount (MN)/First S/F date
25	1977 99.50	AMERICAN HOSPITAL SUPPLY 8.75 15/10/1984	94 3/4	5.38	10.04	9.23	10.65 100	30 1982	
20	1977 100.00	AVCO FIN SERV-CANADA 9.50 1/ 8/1982	97 1/4	3.17	10.54	9.77			
25	1979* 99.25	AVCO FIN SERVICES-CANADA 10.25 15/ 5/1986	97 1/4	6.96	10.83	10.54	11.25 100 1/2	30 1983	
10	1979* 100.00	BANK OF BRITISH COLUMBIA 10.25 15/ 5/1989	97 1/2	9.96	10.67	10.51	10.72 100	30 1984	
50	1976 100.00	BANK OF MONTREAL 9.00 15/ 9/1982	97 3/8	3.29	9.94	9.24	10.30 100	30 1981	
30	1977 99.75	BANQUE CANADIENNE NAT 8.25 15/ 2/1982	95 7/8	2.71	10.03	8.60			
15	1976 100.00	BANQUE CANADIENNE NAT 9.25 15/ 4/1982	97 1/2	2.87	10.28	9.49	10.76 100	30 1981	
20	1976 99.50	B.C. CENTRAL CREDIT UNION 9.75 22/12/1981	99 1/8	2.56	10.10	9.84			
25	1977 100.00	BK-ET 8.75 1/ 6/1982	96 1/2	3.00	10.16	9.07			
50	1977 99.00	BENEFICIAL FIN INT 9.00 15/ 2/1984	96 1/4	4.71	10.01	9.35	10.63 100	30 1982	
20	1975 100.00	BENEFICIAL FIN INT 9.50 15/ 7/1980	99	1.12	10.44	9.60			
25	1975 100.00	BENEFICIAL FIN INT L 9.75 15/12/1982	99 3/8	3.54	9.93	9.81	9.99 100	30 1981	

CANADIAN DOLLARS (CONTINUED)

Issued/Est o/s (MN)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Life/Average life	Yield to maturity/to avge life	Current yield	Yield to next call/Next call price	Call not (days)/Next call date	Next S.F. amount (MN)/First S/F date
20	1975 100.00	BENEFICIAL FIN INT 10.25 15/10/1981	99 7/8	2.38	10.25	10.26	10.26 100	30 1980	
25	1975 100.00	BORG-WARNER ACCEPT-CAN 10.25 3/12/1980	100 1/8	1.50	10.06	10.24			
25	1977 100.00	BRITISH COLUMBIA M.F.A L 9.00 1/ 6/1997	94 3/8	18.00	9.67	9.54			
15 15.0	1974 99.00	BRITISH COLUMBIA M.F.A 9.25 15/ 5/1981	98 3/4	1.96 1.46	9.97 10.28	9.37	100 3/4	30 1979	7.50 1980
25	1975 99.00	BRITISH COLUMBIA M.F.A 9.25 30/ 6/1982	97 1/4	3.08	10.33	9.51	100 3/4	30 1980	1.00 PP1976
24	1979* 100.00	BRITISH COLUMBIA M.F.A L 10.25 15/ 5/1999	99 1/4	19.96	10.34	10.33	10.61 101	60C 1984	
20	1976 99.00	CALGARY POWER 9.75 15/ 5/1982	99 1/8	2.96	10.10	9.84			0.00 PP1977
25	1976 100.00	CANADA PERM MORT CORP 9.75 1/11/1981	99 1/4	2.42	10.06	9.82			
25	1976 100.00	CANADA TRUSTCO MORTGAGE 9.25 1/12/1981	98 1/4	2.50	10.02	9.41			
35	1977 100.00	CANADIAN ACCEPTANCE P 9.375 15/10/1982	96 5/8	3.38	10.58	9.70			
60	1977 99.25	CANADIAN NAT RAIL CO 8.875 1/ 3/1987	94 1/2	7.75	9.91	9.39	101	30 1983	1.80 PP1978
35	1976 100.00	CANADIAN PACIFIC SECS 9.25 15/ 4/1983	98 5/8	3.87	9.68	9.38	10.06 100	30 1981	
35	1975 100.50	CANADIAN PACIFIC SECS 9.75 15/12/1981	99 3/8	2.54	9.99	9.81	10.12 100	30 1980	
25	1977 100.00	CHRYSLER CREDIT - CANADA 9.25 15/ 6/1982	92 1/2	3.04	12.35	10.00	100	30 1981	
30	1976 99.00	CHRYSLER CREDIT - CANADA 9.50 15/10/1982	96 1/2	3.36	10.75	9.84	11.20 100	30 1981	
20	1976 100.00	COMM CREDIT CORP -CANADA 9.75 15/ 5/1981	99	1.96	10.33	9.85			
20 20.0	1974 100.00	COMMERCIAL UNION L 11.25 15/ 1/1995 S	104 1/2	15.63 11.88	10.93 10.85	11.06	11.12 105	30 1985	1.67 1986
30	1977 100.00	CREDIT FONCIER F-CAN 8.75 15/ 2/1982	95 3/4	2.71	10.60	9.14			
30	1976 100.00	CREDIT FONCIER F-CAN 9.75 15/ 2/1981	99	1.71	10.35	9.85			
25	1976 100.00	CREDIT FONCIER F-CAN 9.75 15/ 7/1981	98 7/8	2.12	10.34	9.86			
15	1977 100.00	DRESSER IND (CANADA) P 8.50 15/ 3/1982	94	2.79	11.09	9.04			
50	1976 100.00	DU PONT OF CANADA 9.50 15/ 2/1981	99 7/8	1.71	9.52	9.51			
50	1976 100.50	EUROPEAN COAL & STEEL 9.00 15/ 3/1983	97 1/4	3.79	9.88	9.25	10.72 100	30 1981	
25	1977 100.50	EUROPEAN COAL & STEEL 9.00 15/ 4/1984	97 3/8	4.87	9.69	9.24	10.08 100	30 1982	
50	1979* 100.00	EXPORT DEVELOPMENT CORP 10.00 15/ 5/1984	99 7/8	4.96	10.03	10.01	10.09 100 1/4	45 1983	
25	1975 100.00	FIRST CANADIAN INVEST 10.00 1/ 1/1981	99 5/8	1.59	10.18	10.04			
50	1979* 100.50	FIRST CANADIAN INVEST 10.00 15/ 5/1984	99 3/8	4.96	10.16	10.06			
20	1977 100.00	FORD MOTOR CREDIT-CANADA 8.50 15/ 5/1984	96 3/8	4.96	9.45	8.82	9.97 100	30 1982	
20	1977 99.50	FORD MOTOR CREDIT-CANADA 8.75 15/ 5/1987	93 3/8	7.96	9.99	9.37	10.53 100	30 1984	
50	1976 99.50	FORD MOTOR CREDIT-CANADA 9.25 1/ 2/1983	97 7/8	3.67	9.94	9.45	10.16 100	30 1982	
40	1976 100.00	FORD MOTOR CREDIT-CANADA 9.50 15/ 7/1982	99 3/4	3.12	9.58	9.52	9.61 100	30 1981	
40	1975 100.00	FORD MOTOR CREDIT-CANADA 9.75 1/11/1980	99 1/2	1.42	10.06	9.80			
5	1976 100.00	GENELCAN D 9.00 15/11/1981	95	2.46	11.39	9.47			
10	1975 100.00	GENELCAN D 9.50 1/12/1982	95 1/2	3.50	11.08	9.95			
25	1977 100.00	GENERAL FOODS LTD 8.50 1/ 5/1984	95 1/8	4.92	9.79	8.94	10.51 100	30 1982	
30	1974 100.50	GEN MOTORS ACCEPTANCE 9.00 15/10/1981	98 3/4	2.38	9.57	9.11			
50	1976 100.00	GEN MOTORS ACCEPTANCE 9.00 1/ 2/1982	98 1/4	2.67	9.74	9.16	10.13 100	30 1981	
40	1976 100.00	GEN MOTORS ACCEPTANCE 9.25 1/ 6/1983	98	4.00	9.88	9.46	10.41 100	30 1981	
50	1975 100.00	GEN MOTORS ACCEPTANCE 9.50 15/10/1981	99	2.38	9.94	9.60	10.23 100	30 1980	
50 50.0	1976 100.00	GEN MOTORS ACCEPTANCE 9.50 1/ 2/1986	98 1/8	6.67 5.00	9.88 9.98	9.68	101 1/2	30 1981	8.35 DP1982
30 30.0	1974 100.00	GEN MOTORS ACCEPTANCE 9.75 15/10/1988	99 1/4	9.38 7.28	9.86 9.88	9.82	102 1/2	30 1981	3.00 DP1982
25	1977 100.00	WALTER E. HELLER (CAN) 9.50 15/ 7/1984	96 5/8	5.12	10.37	9.83	10.81 100	30 1982	
15	1976 98.50	WALTER E. HELLER (CAN) 9.75 15/ 6/1981	99 1/8	2.04	10.24	9.84			
35	1975 100.50	HUDSON'S BAY 10.25 15/11/1981	100 5/8	2.46	9.89	10.19	9.68 100	30 1980	
60 60.0	1979* 100.00	HUDSON'S BAY 10.50 15/ 4/1989	100 3/4	9.87 8.00	10.37 10.35	10.42	10.78 103	30 1984	7.50 DP1984
25	1976 100.00	IAC LIMITED 9.50 15/ 5/1981	98 7/8	1.96	10.15	9.61			
25	1977 100.00	INT HARVESTER CREDIT-CAN 8.75 1/ 2/1983	94 1/2	3.67	10.60	9.26	11.20 100	30 1982	
25 23.0	1974 99.50	INT HARVESTER CREDIT-CAN 9.75 15/ 3/1986	98 1/8	6.87 5.31	10.13 10.23	9.94	11.13 100 1/2	30 1981	1.00 1977
30	1975 100.50	INT HARVESTER CREDIT-CAN 10.25 1/ 9/1981	100 5/8	2.25	9.88	10.19	9.81 100 1/4	30 1980	
25	1976 100.00	ISE CANADIAN FINANCE 9.50 1/ 6/1982	98 1/2	3.17	10.05	9.64	10.27 100	30 1981	

CANADIAN DOLLARS (CONTINUED)

Issued/Est o/s (MN)	Year of issue/Issue price	Borrower/Coupon maturity	Price	Life/Average life	Yield to maturity/to avge life	Current yield	Yield to next call/Next call price	Call not (days)/Next call date	Next S.F. amount (MN)/First S/F date
25 23.8	1976 100.00	ISE CANADIAN FINANCE 10.00 1/ 8/1986	99 1/2	7.17 5.70	10.09 10.12	10.05	10.-0 100 3.8	30 1981	1.25 1978
50	1976 99.50	KINROSS MORT.CORP 9.75 15/ 6/1982	97 1/2	3.04	10.7-	9.99	10.67 100	30 1981	
20	1977 100.00	LAURENTIDE FIN CORP 9.50 30/ 6/1982	96 5/8	3.08	10.84	4.83			
20	1976 99.00	LAVAL, CITY OF 10.00 1/ 7/1996	98 7/8	17.08	10.14	10.11	102 1/2	1986	
25	1977 100.50	MAS MAS LEASING CANADA 8.25 15/ 5/1982	95 1/4	2.96	10.18	8.66			
15 15.0	1975 99.50	MANITOBA, PROVINCE OF 9.25 30/ 6/1985	96 1/2	5.42 3.92	10.06 10.38	9.59	101	40 1980	3.00 1981
40	1979* 99.00	MONTREAL, CITY OF 10.00 1/ 6/1989	96 1/2	10.00	10.58	10.36	10.95 101	60 1985	22.86 PP1980
5	1975 96.50	MONTREAL EAST, TOWN OF 9.75 18/ 7/1982	95	3.13	11.72	10.26	101	60C 1980	
20 19.0	1975 100.00	NEWFOUNDLAND, PROVINCE OF 9.50 15/ 3/1983	98 1/2	3.96 3.77	9.97 10.01	9.64	101	30 1979	.50 PP1976
30	1975 100.25	NEWFOUNDLAND, PROVINCE OF 10.25 15/12/1985	100 1/4	6.54	10.17	10.22	10.60 101	30 1980	1.20 PP1976
10	1975 99.50	NORANDA MINES 9.75 1/11/1980	99 1/4	1.42	10.25	9.82			
25	1976 100.00	NORANDA MINES 9.75 15/ 7/1983	98 5/8	3.12	10.27	9.89			
20	1976 99.50	NORCEN 9.75 15/ 4/1983	98 7/8	3.87	10.10	9.86			
18	1974 93.25	NOVA SCOTIA POWER L 9.50 1/ 7/1994	98 1/2	15.08	9.69	9.64	10.04 101	40 1984	
30	1976 100.00	NOVA SCOTIA, PROVINCE OF 9.00 15/12/1983	97 3/8	4.54	9.71	9.24			
35	1976 100.50	PANCANADIAN PETROL 9.75 15/11/1982	98 1/4	4.46	10.22	9.92	10.34 100	30 1981	
5	1975 98.50	POINTE-AUX-TREMBLES 9.75 16/ 7/1982	94 1/4	3.13	12.04	10.34	101	60C 1980	
10	1976 100.00	PROVINCIAL BANK-CANADA 9.50 15/ 2/1982	97 1/2	2.71	10.57	9.74	11.10 100	30 1981	
15	1975 100.00	QUEBEC, CITY OF L 10.00 15/11/1995	99 1/8	16.-6	10.10	10.09	102	1985	
15	1974 100.00	QUEBEC, CITY OF L 10.75 15/10/1994	102	15.38	10.47	10.54	10.51 102	45C 1984	
50	1975 97.00	QUEBEC HYDRO-ELECTRIC 9.50 15/10/1981	98 3/8	2.38	10.25	9.66			
50	1979* 100.00	QUEBEC, PROVINCE OF 10.25 15/ 4/1986	98 5/8	6.87	10.53	10.39	10.85 100 3/4	30 1983	
15	1977 100.00	QUEBEC URBAN COMMUNITY 9.50 3/ 2/1982	96 5/8	2.68	10.98	9.83			
15	1977 99.00	QUEBEC URBAN COMMUNITY 9.50 15/ 5/1984	95 5/8	5.29	10.60	9.93			
15	1976 98.50	QUEBEC URBAN COMMUNITY 9.75 26/ 5/1983	96 3/8	3.99	10.92	10.12			
10	1974 100.00	QUEBEC URBAN COMMUNITY 10.75 15/11/1979	99 3/4	.46	11.01	10.78			
20	1977 100.00	BANK OVERSEAS HOLDINGS 9.50 15/ 6/1982	96 5/8	3.04	10.86	9.83			
40	1977 100.00	ROYAL BANK OF CANADA 8.00 15/ 2/1984	92 3/8	4.71	10.09	8.66	100	30 1982	
35	1976 100.00	ROYAL BANK OF CANADA 8.75 1/ 4/1982	95 7/8	2.84	10.05	9.33	10.68 100	30 1981	
40 40.0	1977 100.00	ROYAL BANK OF CANADA 9.00 15/ 2/1992	93 5/8	12.71 10.65	9.89 9.99	9.61	10.52 100	30 1985	1.50 1982
35 35.0	1976 100.00	ROYAL BANK OF CANADA 9.50 1/ 4/1986	99 3/8	2.84 6.24	9.60 9.63	9.56	9.63 100	30 1986	3.00 1981
40	1979* 100.50	ROYAL BANK OF CANADA 10.00 15/ 5/1986	100 1/2	6.96	9.89	9.95	9.86 100	30 1984	
40 40.0	1979* 100.00	ROYAL BANK OF CANADA 10.00 15/ 5/1994	96 3/4	14.96 12.89	10.44 10.47	10.34	10.68 100	30 1986	1.50 1984

[illegible]

INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios

Quotations & Yields as at 31st May, 1979

SOCIETE GENERALE De BANQUE
BANQUE GENERALE Du LUXEMBOURG

Fund	Price	First Issue Price	Yield %	Div. Date
Rentinvest	LuxFr 849	LuxFr 1000	8.25	20/11/78 (F67)
Capital Rentinvest	LuxFr 1413	LuxFr 1000	(Capitalisation)	

	1/6/78 High	31/5/79 Low	1/6/76 High	31/5/79 Low
Rentinvestment	LuxFr 918	LuxFr 814	LuxFr 918	LuxFr 814
Capital Rentinvest	LuxFr 1430	LuxFr 1348	LuxFr 1430	LuxFr 1112

[illegible]

هكذا اصله

WestLB Euro-Deutschmarkbond Quotations and Yields

Issue	Middle Price	Current Yield	Life*	Yield to Maturity*	Repayment D — mandatory drawing by lot at par S — sinking fund
6¾% EUROFIMA 73/88	96.75	6.72	4.51	7.36	1. 3.77—88D
8% EUROFIMA 73/88	103.00	7.77	4.55	7.19	1.10.77—88D
10% EUROFIMA 74/79P	100.25	9.98	0.50	9.23	1.12.79
9% EUROFIMA 75/85	104.50	8.61	3.59	7.50	1. 2.81—85D
8% EUROFIMA 76/83	106.50	7.51	3.67	5.90	1. 2.83
6¾% EUROFIMA 77/87P	95.00	7.11	5.59	7.88	1. 2.83—87D
5½% EUROFIMA 78/88	90.00	6.11	6.10	7.60	15. 2.84—88D
5½% EUROFIMA 78/88P	88.00	6.25	7.87	7.57	1.11.85—88D
6½% EUROFIMA 79/89	98.15	6.76	7.60	7.17	1. 2.85—89D
6% Europ. Inv. Bank 69/84	99.60	6.02	2.69	6.25	1. 3.75—84D
7% Europ. Inv. Bank 69/84	103.25	6.78	2.83	5.82	1.11.75—84D
8% Europ. Inv. Bank 70/80	101.25	7.90	0.92	6.67	2. 5.80
7½% Europ. Inv. Bank 71/86	102.00	7.35	3.62	6.98	1. 3.77—86D
7¾% Europ. Inv. Bank 71/86	101.50	7.64	3.65	7.25	1.10.77—86D
6½% Europ. Inv. Bank 72/87	98.00	6.77	4.06	7.67	1. 3.78—87D
6% Europ. Inv. Bank 72/87	95.25	6.30	4.57	7.25	1. 9.80—87D
6¾% Europ. Inv. Bank 73/88	99.50	6.78	8.67	6.82	1. 2.79—88S
7% Europ. Inv. Bank 73/88	99.50	7.04	9.08	7.07	1. 7.79—88S
10% Europ. Inv. Bank 74/81P	104.25	9.59	2.25	7.83	1. 9.81
8% Europ. Inv. Bank 75/80	103.00	7.77	1.50	5.81	1.12.80
9½% Europ. Inv. Bank 75/83	104.50	9.09	2.56	7.47	1. 1.81—83D
8% Europ. Inv. Bank 76/83	102.75	7.79	2.54	6.78	1. 7.80—83D
7¾% Europ. Inv. Bank 76/83P	101.75	7.62	4.33	7.25	1.10.83
6¾% Europ. Inv. Bank 76/84	99.75	6.77	3.96	6.81	1.12.81—84D
6% Europ. Inv. Bank 77/89	90.50	6.63	6.47	7.93	1. 8.82—89D
6% Europ. Inv. Bank 78/88 I P	88.00	6.82	9.17	7.88	1. 8.88
6% Europ. Inv. Bank 78/88 II P	88.00	6.82	9.46	7.84	15.11.88
5¼% Europ. Inv. Bank 78/90	84.50	6.21	8.56	7.79	1. 3.85—90D
6% Europ. Inv. Bank 78/90	86.75	6.92	11.33	7.80	1.10.90P
7½% Europ. Inv. Bank 79/89	98.45	7.62	10.00	7.73	1. 6.89
6½% Europ. Inv. Bank 79/91	91.75	7.08	11.58	7.59	1. 1.91P
8¼% Europistas 71/86 (G)	103.50	7.97	3.53	7.22	1. 2.77—86D
8% Europistas 72/87 (G)	103.50	7.73	3.90	7.08	1. 1.78—87D
7½% Fin. Inst. I. Dan. Ind. 76/81P	100.25	7.48	1.62	7.29	1.12.78—81S
6¼% Finland 64/79	99.30	6.26	0.25	6.72	due 1. 9.79
6% Finland 64/80	99.10	6.05	0.59	7.73	2. 1.80
7% Finland 68/83	99.75	7.02	2.46	7.24	1. 6.72—83D
6¾% Finland 68/83	100.25	6.73	2.43	6.75	1.12.72—83D
7% Finland 69/84	100.25	6.98	2.85	7.02	2. 5.73—84D
7½% Finland 69/84	100.00	7.50	2.73	7.63	1.10.73—84D
7% Finland 72/87	99.75	7.02	7.83	7.16	1. 4.78—87S
8% Finland 76/84	102.00	7.84	3.46	7.32	1. 6.81—84S
5½% Finland 78/83P	93.00	5.91	3.67	7.75	1. 2.83
6% Finland 78/83	98.75	6.08	4.50	6.32	1.12.83
5¾% Finland 78/86	89.00	6.46	6.67	7.93	1. 2.86
7½% Finn. Kommunal 69/81 (G)	101.50	7.39	1.48	6.52	1.12.72—81D
6¾% Int. Am. Dev. Bank 72/87 I	98.50	6.85	8.00	[illegible]	1. 6.78—87S
8¼% Int. Am. Dev. Bank 72/87 II	98.60	6.85	8.42	6.97	1.11.78—87S
8% Int. Am. Dev. Bank 76/82P	101.00	7.92	3.70	7.65	16. 2.83
8¼% Int. Am. Dev. Bank 76/83P	102.00	8.09	4.08	7.65	1. 7.83
7% Int. Am. Dev. Bank 77/87	97.40	7.19	7.58	7.43	1. 1.83—87S
6¼% Int. Am. Dev. Bank 78/88	90.50	6.91	8.58	7.80	1. 1.88
6¾% Int'l. Com'l. Bank 73/85	99.75	6.77	2.46	6.85	1. 6.79—83D
8¼% Ireland 76/81	101.40	8.14	1.58	[illegible]	1. 1.81
7½% Ireland 79/87P	98.25	7.63	7.92	7.60	1. 5.87
5¾% I R I c. warr. 64/79 (G)	99.50	5.78	0.08	[illegible]	due 20. 6.79
7¾% ISCOR 71/86 (G)	99.20	7.81	7.90	[illegible]	1. 6.77—86D
7% ISCOR 72/87 (G)	94.50	7.41	4.11	[illegible]	1. 4.78—87D

Issue	Middle Price	Current Yield	Life*	Yield to Maturity*	Repayment
7% ISCOR 73/88 (G)	94.00	7.45	4.47	8.66	1. 3.79—88D
8¾% ISCOR 73/83 (G)	100.65	8.45	4.59	8.30	1.11.79—83D
8¼% ISCOR 77/80 I P (G)	100.00	8.25	1.29	8.19	16. 9.79—80D
8¼% ISCOR 77/80 II P (G)	100.00	8.25	1.54	8.19	16.12.79—80D
7¾% ISCOR 78/82P (G)	98.75	7.85	[illegible]	8.34	1. 4.81—82D
8½% ISCOR 78/84P (G)	99.00	[illegible]	[illegible]	8.47	16.10.84
7% Japan 68/83	101.10	6.92	2.21	6.56	1. 3.73—83S
7¼% Japan Dev. Bank 76/83 (G)	101.00	7.18	[illegible]	6.93	1. 4.83
8¼% Japan Synth. Rub. 76/81P	101.50	[illegible]	0.08	2.08	clld.p.1. 7.79(101)
8% Johannesburg 71/86 (G)	99.50	8.04	3.55	8.15	1. 9.77—86D
6¾% Johannesburg 72/87 (G)	91.50	6.83	3.97	8.87	1. 9.78—87D
7¾% Johannesburg 78/82P (G)	99.25	7.81	[illegible]	8.04	30. 4.82
7¼% Jydsk Telefon 69/84	100.50	7.21	3.69	7.16	15. 9.75—84S
6¾% Jydsk Telefon 72/87	98.10	6.83	7.75	7.07	1. 3.78—87D
7¼% Jydsk Telefon 73/88	98.85	7.33	8.67	7.43	1. 2.79—88D
9% Jydsk Telefon 75/82P	101.50	8.87	3.09	8.42	1. 7.82
6¾% Kansai Electric 69/84	99.50	6.78	4.73	6.99	1. 3.75—84S
7¾% Kansai Electric 71/86	102.30	7.58	3.78	7.03	1. 5.77—86S
6¼% KELAG 73/88	98.00	6.55	3.92	6.96	1. 5.79—88S
6¾% KHD Finance 72/87	99.25	6.80	7.92	6.87	2. 5.78—87S
7¾% Kjobenhavns H. Bank 75/83P	100.75	[illegible]	[illegible]	7.16	1.12.83
7½% Kjobenhavns Tel. 72/87	99.75	7.52	[illegible]	7.68	2. 1.78—87S
7% Kjobenhavns Tel. 72/87	100.00	7.00	7.92	7.00	1. 5.78—87S
6½% Kjobenhavns Tel. 73/88	95.80	6.78	8.83	7.15	1. 4.79—88S
5% KLM Royal Dutch Air 78/85P	92.00	5.42	[illegible]	7.83	1. 5.79—85D
7% Kobe 68/83 (G)	102.50	6.83	[illegible]	5.98	1. 6.73—83S
6¾% Kobe 69/84 (G)	102.25	6.67	2.86	5.97	1. 5.73—84S
7¾% Kobe 71/86 (G)	101.80	7.62	3.72	7.22	1. 2.77—86S
6¾% Kobe 72/87 (G)	99.50	6.78	7.92	6.83	1. 5.78—87S
9¼% Kobe 75/80P (G)	100.75	9.19	1.00	7.44	1. 6.80
7½% Kobe 76/83 (G)	103.25	7.26	4.00	6.55	1. 6.83
6½% Kobe 77/87 (G)	96.75	6.75	8.00	7.11	1. 6.87
5¾% Kobe 78/86 (G)	91.00	6.32	7.08	7.43	1. 7.86
7¾% Kommunl. Inst. 76/83	101.00	7.67	3.81	7.33	1. 4.81—83D
8% Kommunl. Inst. 76/84	101.50	7.88	3.46	7.47	15.10.77—84D
7¼% Korea Dev. Bank 77/84 (G)	95.90	7.56	5.50	8.19	1.12.84
5¼% Kubota Int'l. 77/82P	95.75	5.48	2.90	6.85	1.12.81—82D
5¾% Kvaerner Ind. 78/88P	88.50	6.50	6.67	8.04	1. 3.84—88D
8½% Light-Servicos 77/82 (G)	102.50	8.29	[illegible]	7.44	1. 3.82
6¾% Light-Servicos 78/86 (G)	92.00	7.34	6.92	8.31	1. 5.86
10% Lonza Int'l. 74/79P	100.25	9.98	0.42	9.09	1.11.79
8¼% Lonza Int'l. 75/80P	100.25	8.23	0.95	7.95	15. 5.80
6½% Lufthansa Int'l. 79/86P	99.25	6.55	6.75	6.63	1. 3.86
7% Malaysia 72/84	98.25	7.12	3.93	7.69	1. 6.75—84D
6½% Malaysia 77/85	95.20	[illegible]	6.25	7.43	1. 9.85
9¼% Malmoe 75/84	104.00	8.89	3.12	7.73	1. 2.81—84D
8¼% Malmoe 76/82	102.25	8.07	2.21	7.09	1. 2.80—82D
6½% Manitoba 77/84	99.15	6.55	5.08	6.70	1. 7.84
6¾% Manit. Hydro El. 72/87	99.40	6.79	8.00	6.85	1. 6.78—87S
6¼% Megal Fin. Comp. 78/90	89.00	7.02	10.59	7.81	2. 1.85—90S
7% Megal Fin. Comp. 79/89	[illegible]	7.11	9.93	7.21	1. 4.87—89S
7% M E P C 73/88	95.75	7.24	4.67	7.85	1. 5.79—88D
7% Mexico 68/84	100.00	7.00	4.59	[illegible]	2. 1.73—84S
7¼% Mexico 73/88	[illegible]	7.24	[illegible]	7.21	1. 1.79—88S
9% Mexico 75/82	[illegible]	[illegible]	3.08	7.02	1. 7.82
8% Mexico 76/83	[illegible]	7.91	4.00	6.51	1. 6.83
7¾% Mexico 77/84	101.25	[illegible]	5.00	7.44	1. 6.84
6% Mexico 78/85	93.10	6.44	[illegible]	7.50	1. 4.85
6¼% Mitsubishi Chemical 79/84	99.50	[illegible]	5.01	6.62	30. 4.84
5¾% Mitsubishi Petro 78/83	94.40	6.09	[illegible]	7.32	1. 9.83
7¾% Mitsui Toatsu 76/81P	100.75	7.69	2.29	7.35	15. 9.81
9% MODO 75/83	102.50	8.78	2.45	7.84	1. 6.80—83D
7% Montreal 69/89	97.00	7.22	[illegible]	7.73	1. 4.70—89D
6% Montreal 72/92	92.75	6.47	6.17	7.50	1. 9.72—92D
6¾% Montreal 73/93	94.00	7.18	14.00	7.45	1. 6.74—93S
8½% Montreal 76/86	103.50	8.21	[illegible]	7.44	1. 7.77—86S
7% Montreal 77/87	98.50	7.11	8.12	7.25	16. 7.78—87S
7½% Mortg. Denmark 69/84 (G)	100.10	7.49	2.81	7.60	1.11.75—84S
7% Mortg. Denmark 73/88 (G)	99.00	7.07	9.03	7.15	1. 7.79—88S
6¾% Mortg. Bk. Finl. 69/84 (G)	99.25	6.50	4.83	7.05	1. 4.73—84S
8¾% Nafi. Mexico 76/83P (G)	103.00	8.50	[illegible]	7.91	1.12.83
7% Nafi. Mexico 77/82P (G)	97.00	7.22	3.25	8.07	1. 9.82
8¾% Nafi. Mexico 77/84 (G)	103.75	8.43	4.75	7.76	1. 3.84
8¾% Nafi. Mexico 77/84P (G)	103.00	8.50	4.75	7.95	1. 3.84
8¼% Nat. Bk. Hungary 75/81	101.00	8.17	2.09	7.70	1. 7.81
6½% Nat. Bk. Hungary 77/85	93.00	6.99	6.42	7.92	1.11.85
8% Nat'l. Westm. Bk. 73/88	101.90	7.85	4.54	7.47	1.10.79—88S
6¼% New Brunswick 72/87	92.50	[illegible]	8.42	6.98	1.11.78—87S
7¼% Newfoundland 69/84	100.25	7.23	3.10	[illegible]	1. 8.75—84S
8% Newfoundland 71/86	101.85	7.85	[illegible]	7.44	1. 8.77—86S
6¾% Newfoundland 72/87	[illegible]	[illegible]	[illegible]	6.66	1.11.78—87S
6½% Newfoundland 73/88	94.30	[illegible]	6.83	7.20	1. 4.81—88S
6¾% New Zealand 69/84	[illegible]	6.70	[illegible]	6.53	1. 2.75—84D
7½% New Zealand 71/86	[illegible]	7.28	[illegible]	6.70	1. 5.77—86D
7% New Zealand 72/87	[illegible]	6.97	[illegible]	6.84	1. 2.78—87D
9½% New Zealand 75/80P	[illegible]	9.41	0.67	7.78	1. 2.80
9¼% New Zealand 75/80P	100.75	9.13	0.67	7.93	1. 2.80
8¼% New Zealand 75/80P	[illegible]	8.17	1.06	7.24	1. 7.80
9¼% New Zealand 75/82	[illegible]	[illegible]	[illegible]	7.54	1. 1.82
7½% New Zealand 76/83	[illegible]	[illegible]	[illegible]	6.52	1. 3.83
7¾% New Zealand 76/86	[illegible]	[illegible]	[illegible]	6.82	1.11.82—86D
6¼% New Zealand 77/84	95.25	[illegible]	4.92	6.69	1. 5.84
5% New Zealand 78/86	83.25	[illegible]	6.75	[illegible]	1. 2.86
6% New Zealand 79/86P	92.00	[illegible]	6.67	7.56	1. 1.86
6% New Zealand 79/87	95.00	6.38	7.38	7.12	1. 1.87
6% Nippon Kokan 79/84	99.75	6.52	4.83	6.55	1. 4.84
5¾% Nippon Steel 78/85	95.20	6.03	6.23	6.63	1. 9.85
8¾% Nippon T — T 75/82 (G)	102.75	8.52	2.75	7.58	1. 3.82
8¼% Nippon T — T 75/82 (G)	103.25	7.99	3.00	7.01	1. 6.82
7¾% Nippon T — T 76/83 (G)	101.60	7.63	4.33	7.29	1.10.83
5½% Nippon T — T 79/87 (G)	89.50	6.15	7.67	7.33	1. 2.87
6¼% Norcem 72/85	91.50	6.28	5.75	7.60	1. 3.85

Issue	Middle Price	Current Yield	Life*	Yield to Maturity*	Repayment D — mandatory drawing by lot at par S — sinking fund
6½% Nordic Inv. Bank 79/86	95.25	6.56	6.58	7.17	1. 1.86
8½% Norges Komm. Bank 70/85 (G)	102.00	8.33	3.18	7.92	1.10.76—85S
8% Norges Komm. Bank 75/80 (G)	102.00	7.84	1.00	5.88	1. 6.80
8% Norges Komm. Bank 75/80P (G)	100.75	7.94	1.08	7.23	1. 7.80
7% Norges Komm. Bank 76/81 (G)	101.00	6.93	1.92	6.42	1. 5.81
7% Norges Komm. Bank 77/89 (G)	99.35	7.05	9.83	7.09	1. 4.80—89S
6% Norges Komm. Bank 77/89 I (G)	91.75	6.54	10.37	7.15	16.10.80—89S
6% Norges Komm. Bank 77/89 II (G)	92.00	6.52	10.50	7.10	1.12.80—89S
6% Norges Komm. Bank 78/90 (G)	90.35	6.64	11.17	7.29	1. 8.81—90S
6¼% Norges Komm. Bank 79/89 (G)	92.75	6.74	9.58	7.32	1. 1.84—89S
8½% Norpipe 76/84	102.60	8.28	3.00	7.47	1. 2.80—84S
8% Norpipe 76/88	103.50	7.73	6.40	7.30	1. 6.83—88S
6% Norpipe 77/89	89.80	6.70	10.42	7.46	1.11.84—89D
7¼% Norsea Gas 76/88	99.85	7.26	9.50	7.26	1.12.83—88S
7% Norsea Gas 77/88	98.50	7.04	10.08	7.07	1. 7.84—89S
9% Norsk Hydro 75/87	104.40	8.62	4.06	7.08	1. 3.80—87D
8% Norsk Hydro 76/88	104.00	7.69	6.23	7.17	1. 4.83—88S
6¾% Norsk Hydro 77/89	96.25	7.01	10.00	7.29	1. 8.82—89S
8¼% Norway 75/80	101.75	8.11	0.92	6.21	1. 5.80
8¼% Norway 75/80P	100.75	8.19	1.00	7.44	1. 6.80
7¾% Norway 75/80	101.00	7.67	1.50	6.98	1.12.80
7% Norway 76/81	101.50	6.90	1.92	6.14	1. 5.81
7½% Norway 76/81	103.00	7.28	2.08	5.92	1. 7.81
6½% Norway 77/82	102.25	6.36	2.58	5.52	1. 1.82
6¼% Norway 77/82	100.40	6.23	2.83	6.08	1. 4.82
5¾% Norway 77/82	99.50	5.78	3.17	5.92	1. 8.82
4¾% Norway 78/83	95.65	4.97	3.58	6.13	1. 1.83
4½% Norway 78/83	93.75	4.67	3.83	6.35	1. 4.83
6¼% Norway 79/84	100.50	6.22	4.83	6.12	1. 4.84
7¼% Norw. Mortgage 77/87	99.75	7.27	5.83	7.30	16. 5.83—87D
6% Norw. Mortgage 77/89	91.75	6.54	6.77	7.58	16.11.82—89D
7¾% Nova Scotia 71/86	102.65	7.70	3.61	7.69	1.12.77—86D
7% Nova Scot. Power 72/87	100.00	7.00	8.50	6.99	1.12.78—87S
6¾% Occident. Int. Fin. 78/90	93.25	7.24	11.50	7.64	1.12.85—90S
6½% Occident. Overs. 68/83	100.25	6.48	2.27	6.48	1.10.72—83S
6¾% Oesterr. Bundes-Sch. 68/80P	100.00	6.75	0.49	6.85	1. 6.71—80D
6% Oester. Donaukr. 59/84 (G)	98.50	6.09	2.60	6.74	1. 2.65—84D
6¾% Oester. Donaukr. 73/88 (G)	97.25	6.94	8.75	7.18	1. 3.78—88S
8¾% Oester. Draukr. 75/85 (G)	105.50	8.29	3.68	6.99	1. 3.81—85D
7% Oest. El. Wirtsch. 67/87 (G)	99.75	7.02	3.98	7.19	1. 2.73—87D
7% Oest. El. Wirtsch. 76/83P (G)	99.75	7.02	4.54	7.05	16.12.83
5½% Oest. Ind. Verwaltung 78/85P (G)	92.00	5.98	6.08	7.17	1. 7.85
10¼% Oest. Inv. Kredit 74/79P	100.50	10.20	0.37	8.56	16.10.79
7% Oest. Kontrollbank 76/83P (G)	98.00	7.14	4.50	7.52	1.12.83
6½% Oest. Kontrollbank 77/84P (G)	98.50	6.85	4.67	7.15	1. 2.84
6½% Oest. Kontrollbank 77/84P (G)	96.50	6.74	5.08	7.35	1. 7.84
6¼% Oest. Kontrollbank 77/84P (G)	92.50	6.76	5.17	8.07	1. 8.84
6% Oest. Kontrollbank 77/85P (G)	93.50	6.42	6.42	7.29	1.11.85
5¾% Oest. Kontrollbank 78/84P (G)	95.00	6.05	5.17	6.93	1. 8.84
5½% Oest. Kontrollbank 78/88P (G)	90.50	6.08	6.67	7.34	1. 2.86
6¼% Oest. Kontrollbank 78/88 (G)	92.00	6.52	7.67	7.40	16.12.88
6% Oest. Kontrollbank 79/87P (G)	97.35	6.68	9.54	6.88	1. 2.87
5½% Oest. Länderbank 77/82	97.00	5.67	3.50	6.47	1.11.82
6¼% O K O 64/79 (G)	100.00	6.25	0.42	6.33	1.11.79
6½% Ontario 69/84	98.50	6.60	2.60	7.28	1. 2.75—84D
6% Ontario 72/87	96.00	6.25	4.57	7.04	1. 9.80—87D
7% Ontario Hydro 69/84	101.00	6.93	0.17	6.97	1. 8.75—84D
7½% Ontario Hydro 71/86	102.00	7.35	3.83	6.87	1.12.77—86D
6½% Ontario Hydro 72/87	99.28	6.55	4.33	6.71	1. 6.80—87D
6½% Ontario Hydro 73/88	96.25	6.75	5.06	7.40	1. 3.81—88D
6¼% Osaka 65/80 (G)	99.75	6.27	0.67	6.73	1. 2.80
5¾% Oslo 65/80	100.00	5.75	0.75	5.82	1. 3.80
7½% Oslo 69/84	101.25	7.41	2.82	7.12	1.11.75—84D
7½% Oslo 71/87	100.75	7.44	4.09	7.41	2. 1.78—87S
6¾% Oslo 73/90	99.75	6.77	11.08	6.78	1. 7.70—90S
9% Oslo 75/87	103.00	8.74	4.24	8.12	1. 3.78—87S
6¾% Papua 73/88	97.50	6.92	9.08	7.13	1. 7.79—88S
6¾% Parker-Hannifin 77/87P	92.00	7.34	5.92	8.53	1. 6.83—87D
8¾% Pemex 76/83	105.25	8.24	4.50	7.08	1.12.83
7% Pemex 77/84	99.00	7.07	5.25	7.22	1. 9.84
7% Pemex 78/86	97.60	7.17	6.58	7.46	1. 1.86
7% Petrobras 77/84	97.75	7.16	5.33	7.51	1.10.84
7% Petrobras 78/88	94.75	7.39	7.26	7.97	1.10.84—88D
7¼% Philippine 77/84	97.00	7.47	5.42	7.94	1.11.84
6¾% Philippine 78/85	92.75	7.28	5.83	8.36	1. 4.85
8¾% Philips 75/81P	102.00	8.58	1.83	7.62	1. 4.81
8½% Philips 75/81P	101.50	8.37	1.87	7.59	15. 4.81
8¾% Philips 75/82	105.00	8.33	2.79	6.71	15. 3.82
5¾% PK-Banken 78/88	89.00	6.46	6.84	7.89	1. 5.84—88D
9¼% Platm. Malmoe 75/80P	101.25	9.14	0.92	7.75	1. 5.80
6½% Postipankki 79/85P	97.50	6.28	4.13	6.83	1. 2.82—85D
7¼% Privatbk. Copenh. 77/83P	98.50	7.36	3.83	7.71	1. 4.83
6¼% Pyhrn. Autobahn 77/89 (G)	91.25	6.85	7.64	7.81	1. 9.84—89D
6½% Quebec 72/87	97.00	6.70	4.40	7.32	1. 7.78—87D
7½% Quebec 77/87	98.90	7.58	7.67	7.68	1. 2.87
7¼% Quebec 77/87	97.50	7.44	8.00	7.68	1. 8.87
6% Quebec 78/90	89.35	6.72	8.31	7.79	1. 5.85—90D
6¾% Quebec Hydro El. 69/84	99.80	6.76	4.67	6.91	1. 2.75—84S
7¼% Quebec Hydro El. 69/84	101.50	7.14	2.66	6.73	1. 9.75—84D
8% Quebec Hydro El. 71/86	101.50	7.88	3.56	7.85	1. 9.77—86D
6½% Quebec Hydro El. 72/87	96.50	6.74	4.14	7.50	1. 4.78—87D

AIBD

THE ASSOCIATION OF INTERNATIONAL BOND DEALERS

MARKET MAKERS

REGION 1 - BELGIUM

110 Dewaay, Sebille, Servais Van Campenhout & Cie
115 Kredietbank N.V.

REGION 2 - FRANCE

230 Banque Arabe et Internationale d'Investissement (B.A.I.I.)
235 Banque de l'Union Européenne
225 Banque Louis-Dreyfus
205 Banque Nationale de Paris
210 Credit Commercial de France Paris
215 Credit Lyonnais
218 E. F. Hutton Services S.A.R.L.
220 Interunion-Banque
270 Smith Barney Harris, Upham & Co. Inc.

REGION 3 - GERMANY/AUSTRIA

300 Commerzbank AG
305 Deutsche Bank AG
306 Dresdner Bank AG
307 Westdeutsche Landesbank Girozentrale
309 Creditanstalt Bankverein
310 Girozentrale und Bank der Österreichischen Sparkassen AG

REGION 4 - ITALY

405 Banca Commerciale Italiana Milan
407 Banco Ambrosiano S.p.A.
409 Banco di Roma
415 Credito Italiano
420 Istituto Bancario Italiano
425 Istituto Bancario San Paolo di Torino
430 Monte dei Paschi di Siena

REGION 5 - LUXEMBOURG

505 Banque Générale du Luxembourg S.A.
510 Banque Internationale à Luxembourg S.A.
540 Bayerische Landesbank International S.A.
515 Dewaay Luxembourg S.A.
520 Kredietbank S.A. Luxembourgeoise
530 Swiss Bank Corporation (Luxembourg)

REGION 6 - NETHERLANDS

600 H. Albert de Bary & Co. N.V.
601 Algemene Bank Nederland N.V.
602 Amsterdam-Rotterdam Bank N.V.
603 Bank Mees & Hope N.V.
604 Barclays Kol & Co. N.V.
611 Centrale Rabobank Utrecht
612 Bank Van der Hoop, Offers N.V.
605 Bank Morgan Labouchere N.V.
610 F. van Lanschot
606 Nederlandsche Middenstandsbank N.V.
607 Nederlandse Credietbank N.V.
608 Pierson, Heldring & Pierson
609 Slavenburg, Oyens & Van Eeghen N.V.

REGION 7 - SCANDINAVIA

705 Bank of Helsinki Ltd. (Helsingfors Aktiebank)
755 Bergen Bank
760 Christiania Bank og Kreditkasse
740 Den norske Creditbank
750 Den Danske Bank af 1871 Aktieselskab
710 R. Henriques jr. Bank-Aktieselskab
715 Kansallis-Osake-Pankki
720 Kjøbenhavns Handelsbank
745 Postipankki
730 Privatbanken Aktieselskab
735 Skandinaviska Enskilda Banken
725 Union Bank of Finland (Nordiska Föreningsbanken AB)

REGION 8 - SWITZERLAND

800 Bondpartners S.A.
805 Credit Suisse/Swiss Credit Bank
860 Swiss Bank Corporation
870 Union Bank of Switzerland

REGION 9 - UNITED KINGDOM

901 Akroyd & Smithers Limited
904 Amex Bank Ltd.
902 Bank of America International Ltd.
903 Bank Julius Baer International
905 Bankers Trust International Limited
910 Banque Française de Crédit International Ltd.
907 Bondtrade
909 Chase Manhattan Ltd.
908 Chemical Bank International Ltd.
911 Citicorp International Bank Limited
912 Continental Illinois Limited
914 Credit Suisse First Boston Ltd.
913 Daiwa Europe N.V.
915 Deltec Trading Company Limited
920 Dillon, Read Overseas Corporation
922 Dominion Securities Limited
925 European Banking Company Ltd.
930 First Chicago Limited
931 Goldman Sachs International Corp.
932 Hambros Bank Limited
933 IBJ International Limited
934 Hill Samuel & Co. Ltd.
935 Kidder Peabody Securities Limited
938 Loeb, Rhoades
939 Kuhn Loeb Lehman Brothers Inc.
936 Manufacturers Hanover Limited
937 McLeod, Young, Weir International Limited
940 Merrill Lynch, Pierce, Fenner & Smith (Brokers & Dealers) Ltd.
941 Morgan Stanley International
945 Nesbit, Thomson Limited
942 The Nikko Securities Co. (Europe) Ltd.
943 Nomura Europe N.V.
946 Orion Bank Limited
948 Pinchin, Denny & Co.
947 Salomon Brothers International Ltd.
950 Samuel Montagu & Co. Ltd.
955 Scandinavian Bank Limited
960 Strauss, Turnbull & Co.
962 Sumitomo Finance International
964 Vickers, da Costa & Co. Ltd.
965 S. W. Warburg & Co. Ltd.
967 Wedd Durlacher Mordaunt and Co.
970 Westdeutsche Landesbank Girozentrale
975 White Weld Securities
977 M. S. Wein & Co. Inc.
980 Wood Gundy Ltd.
990 Yamaichi International (Europe) Ltd.

REGION 10 - UNITED STATES

10 Arnhold and S. Bleichroeder, Inc.
20 Drexel Burnham Lambert Inc.
30 Kidder, Peabody & Co. Inc.
32 Lehman Bros. Kuhn, Loeb Inc.
33 Lazard Freres & Co.
35 Merill Lynch, Pierce Fenner Smith Inc.
60 Salomon Brothers
80 Atlantic Capital Corporation

REGION 11 - MIDDLE EAST

005 The Arab Co. for Trading Securities S.A.K.

Results/ Est. O/S (mn)	Year of issue/ Issue price	Borrower/ Coupon Maturity	Bond price/ Share price	Cur. bond yld/ Cur. share yld	Yield to maturity/ P.L.D.	Yield to next call/ Call price	Call prot. (until)/ Next call date	Premium/ discount %/ First adj date	Conv price/ Date of conv. start
		CONVERTIBLES-U.S. (CONTINUED)							
50	1968	INT STANDARD ELECTRIC	83 1/2	5.49	7.66		30	64.74	$U 54 3/4
40.3	100.00	5.00 15/ 2/1988	27 3/4	7.93	6.00	101 3/4	1979	DP1978	15/ 8/196
16	1968	INT STANDARD ELECTRIC	83 1/8	6.32	7.83		30	99.93	$U 66 3/4
16.0	100.00	5.25 1/12/1988	27 3/4	7.93	6.00	102	1979		1/ 8/196
25	1969	INT STANDARD ELECTRIC	86 7/8	7.19	8.16		30	87.84	$U 60
25.0	100.00	6.25 1/11/1989	27 3/4	7.93	6.00	103 1/4	1979	DP1979	15/ 5/197
12	1966	INT UTILITIES O/S	87	6.13	7.83		90	10.26	$U 16
2.2	97.50	5.25 1/ 6/1986 S	12 5/8	7.52		100 1/2	1979	DP1977	1/ 8/196
15	1966	ISE FINANCE HOLDINGS	87 1/2	3.21	6.96		30	-29.28	$U 41
15.0	100.00	4.50 1/ 3/1986 S	27 3/4	7.93	6.00	100 1/2	1979	DP1977	1/ 1/196
50	1972	I.T.T	72 5/8	6.54	9.68		30	46.89	$U 56 1/8
50.0	100.00	4.75 1/10/1987	27 3/4	7.93	6.00	102	1979		15/ 4/197
20	1969	I.T.T. SHERATON FIN	84 1/2	7.69	8.88		30	67.48	$U 55
20.0	100.00	6.50 15/ 7/1989	27 3/4	7.93	6.00	103 1/2	1979		1/ 2/197
25	1968	JONATHAN LOGAN O/S	83	5.80	10.26		30		$U 54.79
24.0	100.00	4.75 1/ 6/1983 S	12 3/4	4.71	8.00	100 1/2	1979		15/12/196
30	1968	KAISER ALUM & CHEM FIN	91	5.52	6.47		30	16.39	$U 24.62
26.5	100.00	5.00 1/ 2/1988 S	19 1/4	5.19	4.00	102	1979	1978	1/ 8/196
40	1969	LEASCO INT	86 1/2	5.92	7.29		30	31.80	$U 62
15.3	100.00	5.00 15/ 1/1989	39 3/4	4.03	4.00	101 1/2	1979	1980	1/ 9/196
15	1968	LEVIN-TOWNSEND INT FIN	32	16.24	24.55		30		$U 19.85
14.0	100.00	5.00 1/ 8/1988 S				102	1979	1979	1/ 3/196
60	1968	LTV INTERNATIONAL	60	8.33	12.65		30		$U 54.4
60.0	100.00	5.00 1/ 7/1988	8 1/4			102	1979	1979	1/ 2/196
30	1968	MARINE MIDLAND O/S	71 3/4	6.97	9.90		30	82.22	$U 40
27.0	100.00	5.00 15/ 5/1988	15 3/4	5.08	7.00	101	1979	DP1978	15/12/196
15	1973	MARRIOTT	75 3/8	6.63	8.99		30	58.21	$U 29.91
9.6	100.00	5.00 15/10/1988	14 1/4	1.12	10.00	102	1979		15/ 5/197
30	1973	MASCO	79 3/8	5.67	7.82		30	14.41	$U 32 1/4
30.0	100.00	4.50 31/ 1/1988	22 3/8	2.68	9.00	102	1979		1/ 1/197
25	1972	MASSMUTUAL MTGE REALTY	78 3/8	8.61	10.89		30	94.43	$U 32 1/4
25.0	100.00	6.75 15/ 7/1987	13	10.46	10.00	103 1/2	1979		15/ 3/197
30	1972	J. RAY MCDERMOTT	104	4.57	4.17	*	30	6.38	$U 16 3/4
15.6	100.00	4.75 15/10/1987	16 3/8	6.11	5.00	102	1979		1/ 5/197
15	1969	MDS CAP	58 3/4	9.58	13.45		30		$U 82
15.0	100.00	5.50 1/ 5/1989 S	10 3/4		11.00	102	1979		1/ 1/197
15	1968	MILES INT	73 7/8	6.53	8.01		30		$U 758.11
12.3	100.00	4.75 15/ 6/1993 S				102.35	1979	DP1978	2/ 1/196
20	1972	MOHASCO INT	69 1/4	7.22	10.94		30	153.48	$U 48 1/2
20.0	100.00	5.00 15/ 6/1987	13 1/4	6.79	9.00	102	1979		15/ 3/197
25	1965	MONSANTO INT	81 5/8	5.59	8.44		30	48.96	$U 86
19.0	100.00	4.50 15/10/1985 S	47 1/8	7.21	5.00	100	1979	1976	1/ 5/196
50	1972	J.P. MORGAN O/S CAP	91	4.67	5.67		30	4.79	$U 52 1/4
50.0	100.00	4.25 15/ 6/1987	45 5/8	5.51	7.00	102	1979		15/ 6/197
30	1968	MOTOROLA INT	105 5/8	4.26	3.01	*	30	-3.64	$U 39.683
6.9	100.00	4.50 1/ 7/1983	43 1/2	2.76	10.00	100 1/2	1979		1/ 2/196
30	1968	NABISCO INT FIN	95	5.53	6.00		30	3.73	$U 25 1/4
25.4	100.00	5.25 1/ 3/1988	23 1/8	6.49	7.00	102	1979	DP1979	15/ 9/196
7	1967	NATIONAL CAN O/S	97 1/4	5.60	5.87		90C	-4.29	$U 18.7
1.6	100.00	5.375 1/12/1987 S	19	3.79	8.00	102 7/8	1979		1/ 6/196
26	1968	NORWICH O/S	86 3/4	5.55	8.49		30	59.65	$U 49
6.9	100.00	4.75 15/12/1983 S	26 5/8	4.81	8.00	101 1/4	1979		15/12/196
25	1972	OWENS-ILLINOIS INC	101	4.46	4.35		30	1.30	$U 27.33
16.0	100.00	4.50 1/ 7/1987	27 1/4	4.40	6.00	102	1979		1/ 2/197
30	1968	PAN AMERICAN O/S	78 1/4	6.71	8.77		30	112.72	$U 15.97
28.5	100.00	5.25 1/ 9/1988	5 7/8		4.00	102 5/8	1979	DP1978	1/ 5/196
25	1969	J.C. PENNEY EUROPE	81 5/8	7.35	8.73		30	49.53	$U 54 1/2
12.0	100.00	6.00 1/12/1989	29 3/4	5.92	7.00	103	1979		1/ 7/197
35	1972	J.C. PENNEY INT FIN	71 3/4	6.27	9.65		30	102.59	$U 84
35.0	100.00	4.50 1/ 8/1987	29 3/4	5.92	7.00	102 1/2	1979		1/ 8/197
10	1969	PLANNING RESEARCH INT	81 1/2	7.98	11.13		30		$U 30
8.5	100.00	6.50 15/12/1984	5 5/8		7.00	103 1/4	1979	DP1977	15/ 7/197
8	1968	PLYWOOD-CHAMPION INT	94 3/4	5.54	6.89		30	2.93	$U 36 3/4
8.0	100.00	5.25 15/ 2/1983	24 5/8	5.04	5.00	100	1979	1979	1/ 1/1969
10	1971	RAMADA CAP	87 5/8	7.13	8.55		30	24.03	$U 15.57
7.0	100.00	6.25 15/11/1986	11	1.09	26.00	102 1/4	1979	DP1980	15/ 7/1972
50	1969	RCA INT	82	6.10	7.96		30	80.40	$U 55
47.2	100.00	5.00 1/ 2/1988	25	6.40	7.00	102	1979	DP1979	1/ 5/1969
26	1968	REVLON INT FIN	132 1/2	3.62		*	30	.11	$U 34
21.2	100.00	4.75 15/ 6/1983 S	45	3.47	11.00	101	1979		2/ 1/1969
50	1972	REVLON	113 3/8	4.19	2.83	*	30	.15	$U 39 3/8
38.0	100.00	4.75 15/ 4/1987	45	3.47	11.00	103	1979		2/ 1/1973
50	1968	REYNOLDS METALS CAP	91 1/4	5.55	6.39		30	19.69	$U 44.76
50.0	100.00	5.00 1/ 6/1988 S	34 1/8	5.27	4.00	101	1979	DP1979	31/ 3/1969
13	1972	SAXON INDUSTRIES	67 1/2	8.70	12.35		30	84.09	$U 15
12.5	100.00	5.75 31/10/1987 S	5 1/2		6.00	105 1/8	1979	1981	30/ 4/1973
15	1969	SCM OVERSEAS CAP. CORP.	80 7/8	6.49	8.16		30	64.58	$U 46.55
14.3	100.00	5.25 1/ 3/1989	22 7/8	4.81	5.00	101 3/4	1979	DP1979	1/ 1/1970
15	1968	SEARLE INT	92 3/8	5.14	5.87		30	13.85	$U 18.333
15.0	100.00	4.75 15/ 5/1988	14 7/8	3.50	11.00	102	1979	1983	1/ 1/1969
30	1972	SOUTHLAND	83 7/8	5.96	7.74		30	14.73	$U 36 1/4
30.0	100.00	5.00 15/ 7/1987	26 1/2	3.17	9.00	103	1979		1/ 2/1973
60	1973	SPERRY RAND	95	4.47	4.97		30	9.64	$U 51 1/2
40.0	100.00	4.25 15/ 2/1988	44 5/8	2.96	7.00	101	1979		15/ 3/1974
50	1972	SQUIBB INT FIN	79 3/4	5.33	7.72		30	39.50	$U 57
50.0	100.00	4.25 15/ 6/1987	28 1/2	3.79	11.00	101 1/2	1979		15/ 3/1973
75	1968	TEXACO OPERATIONS-EUROPE	76 3/8	5.98	8.42		30	32.53	$U 44 1/4
75.0	100.00	4.50 1/ 7/1988 S	25 1/2	8.47	7.00	101	1979		15/ 4/1969
25	1978*	TEXAS INT AIRLINES	90	8.33	8.75			20.00	$U 14 1/2
25.0	100.00	7.50 15/ 8/1993	10 7/8	1.47	11.00	105 1/2	1979		15/12/1978
7	1969	THERMO ELECTRON INT	90	7.78	9.57		30	27.68	$U 45.22
6.0	100.00	7.00 1/ 7/1984	31 7/8			103 1/2	1979	DP1977	15/ 1/1970
10	1968	TRW INT	85	5.88	7.40		30	28.42	$U 52 1/2
10.0	100.00	5.00 1/ 2/1988	34 3/4	5.76	6.00	102	1979	1978	1/ 2/1969
25	1969	TYCO INT FIN	74 1/2	6.82	12.60		30	151.05	$U 61 1/2
15.2	100.00	5.00 1/ 3/1984 S	18 1/4	5.48	4.00	101 1/2	1979		1/11/1969
7	1978	TYCO INT FIN — 2ND ISSUE	75	6.78	12.43		30	152.74	$U 61 1/2
7.2	75.50	5.00 1/ 3/1984 S	18 1/4	5.48	4.00	101 1/2	1979		3/ 5/1978
25	1978*	TYCO INT FIN	100 3/4	8.44	8.38		30	15.93	$U 21
25.0	100.00	8.50 15/ 6/1988	18 1/4	5.48	4.00	105	1979		15/ 9/1978
50	1967	UNION CARBIDE INT	89 1/2	5.38	8.89		30	37.60	$U 56 1/2
38.6	100.00	4.75 1/ 7/1982 S	34 3/4	7.62	5.00	100	1979		1/ 5/1968
30	1969	WALTER KIDDE FIN	79 1/2	6.29	8.14		30	70.16	$U 63.14
38.0	100.00	5.00 1/ 2/1989	29 1/2	5.42	5.00	102 1/4	1979	DP1980	1/ 9/1969
15	1968	WARD FOODS O/S	67 7/8	8.47	11.50		30		$U 47.89
15.0	100.00	5.75 1/11/1988	10 1/8		9.00	103 1/4	1979	DP1979	1/ 6/1969
15	1966	WARNER-LAMBERT	97 1/2	4.41	5.85		30	-.22	$U 23
1.2	100.00	4.25 1/ 3/1981 S	22 3/8	5.90	8.00	100	1979		1/ 6/1967
30	1973	WARNER-LAMBERT	70 3/8	6.04	9.31		30	93.43	$U 61 1/2
30.0	100.00	4.25 1/ 4/1988	22 3/8	5.90	8.00	103	1979		1/ 4/1976
40	1972	WARNER-LAMBERT	74 1/4	6.06	9.26		30	59.28	$U 48
40.0	100.00	4.50 1/ 4/1987	22 3/8	5.90	8.00	102	1979		1/ 4/1973
20	1968	WARNER-LAMBERT	91	5.01	5.86		30	17.94	$U 29
7.5	100.00	4.50 1/ 8/1988 S	22 3/8	5.90	8.00	101 1/2	1979		1/ 5/1969
75	1973	XEROX CORPORATION	74	6.76	9.22		30	84.84	$U 148
75.0	100.00	5.00 1/12/1988	59 1/4	4.05	10.00	102	1979		1/ 1/1975

WestLB QUOTATIONS AND YIELDS

"Life" and "Maturity" appear in years and decimals of years and are—in this context—calculated as follows:
—to final maturity in case of a lump-sum repayment
—to final maturity in case of a sinking fund issue, whenever the quoted price is below 100
—to average life in case of a sinking fund issue, whenever the quoted price is above 100
—to average life in case the bond issue provides for mandatory drawings by lot at par only
P Private Placement (the smallest denomination may be larger than the usual DM 1,000 of public issue)

'HE BUDGET AND TUC-GOVERNMENT RELATIONS BY CHRISTIAN TYLER, LABOUR EDITOR

The day the sparring really starts

)DAY'S BUDGET, the first ajor political act of the new vernment, will map out the ound over which Ministers and TUC will conduct their trial strength for the rest of the nservative administration. ıyone who doubts that this dget marks the opening of ne tough talking has only to ıd the week-end warnings ın trade union leaders about impact on next winter's wage ınd.

The Budget is expected to nal a genuine policy revolu-n, despite all the financial ıstraints under which the ancellor is operating. It pro-ses a substantial shift from ect to indirect taxation, severe ıtrol of public sector wages l employment through the h limit system, and the first ns of withdrawal of the state m industrial ownership, direc-n or support.

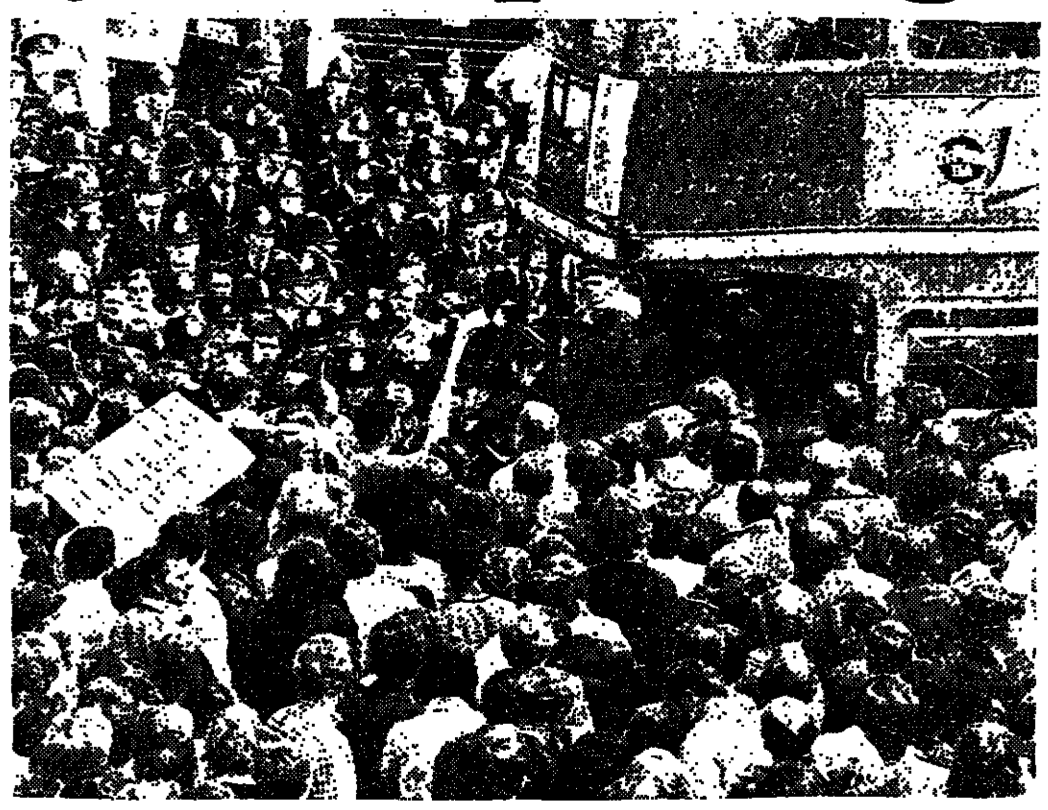
The Budget will tell the TUC at it has learned only infor-lly so far—the economy is der new management which ans to manage according to own lights. Tomorrow, the C's economic committee will et to deliver its formal dict and discuss what kind of npaign the trade unions ould conduct against public penditure cuts.

Five weeks of reconnaissance l hand-shaking will be over, l some of the union leaders as if they are itching for a it. Mr. David Basnett of the neral and Municipal Workers' ion, for whom the defeat of our was an almost personal w, thinks there will be a tle over jobs as intense as t waged against the last Con-vative Government's indus-l relations legislation.

The seriousness of the ological clash should not be derestimated, but nor should unions' battle-readiness be ggerated. The TUC has a lthy respect for Mrs. tcher's crusading fervour, determination to carry out the Government's electoral mandate and the power she exerts over her ministers. (She is reported to have said that her Ministers' strength will be measured by their ability to cut expenditure not by their defence of their departmental budgets in Cabinet.) Mr. James Prior, the Employment Secretary, and Sir Geoffrey Howe, the Chancellor, are seen as the cavalry commanders executing the orders issued by Mrs. Thatcher and Sir Keith Joseph from their tent behind the lines.

The unions have had a foretaste of the new discipline already: a three-month freeze on civil service recruitment, designed to remove 22,000 posts or 3 per cent of the establishment, and an instruction to local authorities to follow suit. Both these decisions are an earnest of the Government's intent that wage awards in the public sector must be self-financing if they creep over the cash limit.

The TUC therefore recognises the strength of the adversary, even if it doesn't like the brand of economic philosophy that fires the Prime Minister and the Secretary of State for Industry. It senses that many Conservatives genuinely believe that trade union power has become overweening, while yet distrusting what it sees as a dangerous approach to industrial relations.



Terry Kirk

Trades union demonstration outside Pentonville prison in 1972 in favour of the "Pentonville Five."

At the same time the TUC is aware of the trade union movement's own current weakness. Last winter's run of strikes dismayed some of the "moderates" (who in turn have been blamed by the Left for giving Mr. Callaghan the wrong advice), alienated public opinion and, as some of the unions' conference agendas show, annoyed members inside unions like the Transport and General Workers which played so prominent a part in the winter hostilities.

Nevertheless, the Government has not been guilty of under-estimating the possibility of conflict. Mr. Prior is proceeding slowly and painstakingly with his proposals for trade union reform, while Mr. Heseltine at the Department of the Environment has been cautioned for a breach of protocol by his Department in not giving unions due notice of the local government manpower freeze.

Ministers expect a difficult ride from now on. Post-budget protests about the cuts in public expenditure will, they realise, sharpen trade union antipathy to the rest of the Administration's programme, not least the first draft of industrial relations reforms that Mr. Prior will be putting to the TUC in the next week or so for eventual translation into legal amendments by the end of the year. In the background there will be anxiety about the rate of inflation—fuelled by the recent batch of price increases triggered, in the view of the unions, by the death of the Price Commission, the impact of the Budget on the retail prices index and the continuing increase in the price of oil.

Pay claims for the winter, traditionally set at the summer delegate conferences of the unions, will take into account not only the rate of price inflation but also the "generosity" of the Government in agreeing, in full, the recommended rises due to highly-paid public servants, doctors, the police and the armed forces. The claim drawn up by British Oxygen shop stewards is a good illustration of this kind of thinking. *They are looking for £25 a week, or about 30 per cent, which they say is "non-negotiable."* And they justify this claim by pointing to the Top Salaries Review Body awards, the eventual possibility *of a pay freeze, and the fact* that British Oxygen, as one of the first private sector deals in the wage round paid less last year than other companies which followed it.

If the Clegg Commission is generous to those public service workers sent to it by the last Government—though there is no reason to think it will be—that could have an effect, too. But unions may choose to regard those awards as being special treatment for the low-paid.

The present Government is doing nothing to encourage trade union hostility. As Mr. Len Murray, TUC general secretary, conceded after the last meeting of the TUC general council, the Conservatives are avoiding "some of the grosser errors" of the Heath Administration. By that he means the unions are not being presented *with a fait accompli* as they were when Robert Carr launched his Industrial Relations Bill. The TUC also recognises that the Government does not *intend* to be radical in its industrial relations reforms: it is not trying to restore the Labour Court nor the special register of trade unions. But it believes the *effect* of the proposed changes could be to bite deeply into historic trade union legal immunities.

The Government has undertaken to legislate against "secondary picketing." But under that heading it includes all secondary industrial action, like the boycotting and blacking of employers or goods not immediately involved in a dispute. That raises not just the question of behaviour on the picket line—something that could be treated on its own—but what the trade unions see as an historic right, hard won, to employ economic sanctions of diverse kinds to bring direct or indirect pressure to bear on an employer without facing an enormous bill for damages.

Mr. Murray and the chairman of the TUC's employment policy and organisation committee, Mr. Harry Urwin, of the Transport Workers, have told Mr. Prior to think very carefully indeed before moving into this sensitive area of industrial relations.

Most delicate

To some extent that warning is redundant. Mr. Prior has seen it all before. He knows that this, and the closed shop, are the most delicate parts of his brief, whereas the provision of public money for secret ballots is merely hortatory and the proposal to limit welfare payments to strikers' families has been dropped, at least for the moment, from the agenda.

No-one can accurately predict how the medicine will go down. *Some parts of the programme* — reintroduction of the "conscience clause" for closed shops, for instance — might be implemented without a murmur because they already concur with general trade union practice. The danger is quite simply that the Government can scarcely avoid creating a political atmosphere that is potentially inflammable. The igniting spark could come from almost anywhere.

Mr. Prior has the time to compromise, if he wishes to, in the face of implacable TUC opposition to legal remedies. But there is no evidence at the moment that he is ready to compromise — nor does the TUC really believe he can be persuaded to do so — on what he maintains are "modest but vital" legislative amendments. The TUC will not stop arguing *on that account.* The question is whether, at the end of all the consultation, it merely registers a failure to agree or whether it organises a campaign against the new laws.

That could mean anything from marches and rallies in Trafalgar Square and Westminster to one-day strikes or something even worse. It depends whether the TUC will be furnished with a *cause celebre* (like the jailing of the Pentonville Five). The TUC is normally shy of involving itself in campaigns about wages or supporting individual disputes. It prefers the role of mediator and peacemaker. But over matters of law it is certain to give a lead: after all, lobbying Parliament for legislation favourable to trade union organisation and workers' conditions was one of the functions for which the TUC Congress was created in 1868.

As for wages, the Government seems determined to give private sector free collective bargaining a full trial in spite of Whitehall pressures for some kind of formal incomes control and warnings about a pay freeze. There will be no Government interference when the 20 per cent plus pay demands are slapped in. If this looks like insouciance, it has a reason. Ministers believe that the Government's fiscal and monetary policies will have a far greater influence on the conduct of bargaining than the commentators allow.

There are, then, three areas of potential conflict: jobs, wages and labour law. At this stage, the beginning of a new chapter in union-Government relations, it would be wrong to take the battle cries too literally. But there can be no doubt that the union activists and some union leaders are waiting for an opportunity to do battle.

Letters to the Editor

Time has been telescoped

From Elizabeth Young

Sir,—Many of Mrs. Thatcher's supporters have understood—like the idea—that the market is going to restore lean health to our planning-bloated society. But where will she find these true health-giving markets?

Daniel Yergin, of the Harvard Business School, has noted out: "Time has been fully telescoped. The energy crisis of 1985 is here in 1979. Can it be contained?" Not if we consumers, Organisation for Economic Co-operation and Development members and others, decide to rely simply on *operation of the market.* The speed with which a Government learns what it has forgot, is one test of its ability. Mrs. Thatcher is being put to this test now.

Or to put it another way, perhaps she needs to scan the energy market for a better one than she's got?

Elizabeth Young.
Bayswater Road, W2.

Priceless oil

From Mr. W. Cooper.

Sir,—If one is allowed to congratulate your advertisers through your column, I would like to take the opportunity of congratulating Mobil on its advertisement which appeared on June 6. In posing the question: "What's oil really worth?" it is beginning a public debate which can only end in one of two ways: a realisation of the uniqueness of oil and its contribution to our industrialised civilisation; or a continuing ignorance of this fact which will ultimately lead to disaster.

We still do not seem to have understood that the "economic process" which consumes irreplaceable commodities like oil, is really only another way of describing the entropy process by which "free" energy is used by man. The conclusion of this is that out of a finite stock of "low entropy" we can only take a limited amount. Once used, it cannot be used again.

Thus all resources—like oil which "subsidise" our industrial civilisation are really beyond price. It is only because oil is so vital in so many areas of our economies that it is perhaps paramount in importance. So, Mobil quite rightly says: "In that sense, it's a priceless commodity." Well done, Mobil!

Winston A. Cooper.
"Ranmore," Raleigh Drive, Claygate, Esher, Surrey.

Third London airport

From the Chairman, Railway Development Society

Sir,—With a Channel Tunnel there would be no need for a third airport and not one of the threatened areas would suffer environmental damage. The main advantage of the tunnel would be that, as part of an electric railway system it would not be dependent on oil. In any case air travel may have to be curtailed because of the future world shortage of hydrocarbon fuels.

V. Banks.
1, Ashford Road, Bearsted, Nr. Maidstone, Kent.

Paying for top jobs

From the Treasurer, Nottinghamshire County Council

Sir,—I was encouraged to read your editorial (June 6) welcoming the decision of the Government to go some way towards *restoring what the review bodies* consider a proper level of pay for senior public servants and doctors and dentists. I absolutely agree with your comment that the needs of future recruitment at this level and — still more important—at the more junior levels in public management cannot be left purely to appeals to public spirit.

Local government, a major part of the public sector, has however still to acknowledge the validity of claims made by chief officers in local government service for restoration of a proper level of pay. Local government, if it is to remain an integral part of our democratic institution (and not become an agent of central government or part of the civil service) needs now and in the future a high calibre of chief officer which it will not obtain if it is not prepared to pay comparable salaries. Salaries of chief officers in local government have fallen badly behind their peers in the civil service and other public sector institutions in the past five years. In comparison even with salaries in the higher echelons of the education service (which itself is administered as part of local government), chief officers are well behind.

Chief officers—the treasurers, engineers, secretaries, education and social services directors, etc.—have a separate negotiating body which has the authority to restore parity for its chief officers' pay. Their pay has for too long been restricted by pay policy restraints and the demands of the main body of local government employees (the majority belonging to the National Association of Local Government Officers) for minimum salaries, shorter working weeks and more leave, none of which have any relevance to the unstinted hours and service given by chief officers. Morale among chief officers is low—what is needed is a restoration of differentials with true comparability with other public sector posts. Local government's current cry is value for money —let it also consider for once money for value. The service will undoubtedly benefit.

G. E. Daniel,
Chairman, Officers' Side, Joint National Council for Chief Officers in Local Government,
County Hall, West Bridgford, Nottingham.

Tehran-Tabriz railway

From the Managing Director, Transmark

Sir,—The article (June 4) on the present state of Iran's industrial plans gives a misleading picture of the position regarding the project for the electrification and doubling of the existing railway between Tehran and Tabriz, as its present status is described as being "suspended."

Transmark is acting as design consultant to the Iranian State Railways and throughout the recent period of unrest we have maintained an office in Tehran. Contact with officials of Iranian Railways has been unbroken and work has been continuing. Formal indication has recently been received to the effect that the contract being undertaken by Transmark will continue to completion.

The railway forms the main land link between Iran and Europe and is clearly of major importance to the future of the country.

K. V. Smith.
Transmark, International House, 62-72, Chiltern Street, W1.

Cost of VAT collection

From Mr. J. Hancock

Sir,—*Oil be a cyder drinker* so I was interested to read Mr. Lyburn's letter (June 6) on the cost of collecting VAT, to which cider is unfortunately subject. A farmer friend, who still makes the real stuff, and from whom I get most of my tipple, recently gave me an example not only of the cost of VAT collection but of the cost of collecting excise duty as well. He makes about 5,000 gallons a year and periodically gets two callers to check his liability to tax—one from the VAT-man and another from the Excise man. Quite logically he one day posed the query as to why it was not possible to arrange for one officer to do both jobs at once, only to be told that such a procedure was not feasible since both functions came under separate departments!

On a more sober note I recall, some 15 or so years ago, attending a conference at which all aspects of value added tax were discussed. In reply to a question as to how many extra civil servants would be required to collect this novel new tax it was stated by an official from the platform that the then current estimate was about 2,000. I now gather that the present number of "extras" employed amount to around 7,000-8,000 officials. Certainly Mr. Lyburn does well to remind us of the burden falling on the unpaid collectors, who probably outnumber the paid officials anyway. Perhaps the Government will find some scope in this area for reducing the number of civil servants, but I have my doubts.

John C. Hancock.
Court House Lodge, Wiveliscombe, Taunton, Somerset.

Representation of the people

From Mr. N. Travers

Sir,—The European poll may *have* been about all sorts of things, but the figures you included with the article of June 7 show that it was certainly rigged, mainly against us and the Germans.

My table shows (a) the figures you published *for seats allocated* to each country in the European Parliament, and (b) number of constituents per member. From these I have calculated (c) total population (rounded to the nearest 1,000 *voters) for each country.*

The next column presents allocated seats as a percentage of total seats, the column after that presents voters as a percentage of total EEC electorate, the second last column presents the number of seats that should have been allocated to each country on a proportional basis (allowing, for the sake of charity, one seat to Luxembourg —even though Luxembourgers only account for 0.4 per cent of the total EEC electorate). *The final column* shows how seats should be reallocated if the Parliament were fairly to represent its constituents.

I think the figures speak for themselves. Weak little countries are to run big strong ones, while the big strong countries pay the bills.

	A	B	C	D %	E %	F	G
UK	81	629,049	56,056,000	19.8	21.6	89	+ 8
Ireland	15	205,733	3,086,000	3.7	1.2	5	−10
Belgium	24	407,167	9,772,000	5.9	3.8	16	− 8
Luxembourg	6	59,500	357,000	1.5	—	1	− 5
France	81	663,951	53,780,000	19.8	20.8	85	+ 5
Denmark	16	315,750	5,052,000	12.3	2.0	8	− 8
Netherlands	25	538,000	13,450,000	6.1	5.2	21	− 4
Germany	81	765,938	62,041,000	19.8	24.0	98	+17
Italy	81	683,469	55,361,000	19.8	21.4	88	+ 7

Nicolas Travers.
Birchfield Cottage, Middle Green, Slough

Closures in the regions

From Mr. D. Crompton

Sir,—Your report (June 6) about company closures in the regions suggests that companies moving into the regions have a significantly worse chance of survival than those moving into the Midlands and south east.

It is of course dangerous to comment upon the Scottish Office survey without having seen it but I wonder to what *extent the picture is distorted* by the use of words such as "companies" and "moving" when it would often be more correct to say "branches" and "opening in new premises"? Very few companies close down and move lock stock and barrel into a new region. What usually happens is that, in a period of expansion, a company in, say, London will open a new branch in the regions and, if the company is subseqently faced with a worsened economic situation, it will close down the branch regardless of whether it is more or less "efficient" than the main factory.

It seems likely that the Scottish Office study is based on the Department of Industry's Record of Openings, which needs to be handled with great care if we are studying "real" movement. Possibly because of regional policies, very few companies have moved into the Midlands or the south east in recent years. I suspect that many of the "new ventures" in these regions, which are said to have a better than average survival rate, are nothing more than existing companies moving their main factories into new premises in the same area, and if these "moves" do not survive none will.

Some of the regions may have disadvantages, but any conclusions about the relative merits of the regions, which are drawn from studying the closure rates in different regions, must be tentative. At least until the policies of large southern-based companies with branches in the regions have been taken into account.

D. Crompton.
4 Manor Green, Stratford-upon-Avon

Today's Events

GENERAL

U.K.: Budget Day.

President Moi of Kenya starts three-day official visit. Sir Murray Maclehose, Hong Kong Governor, arrives in London to discuss refugee problem.

Sir John Cuckney, PLA chairman, speaks on the future of the Port of London to the International Cargo Handling Co-ordination Association (UK).

Amalgamated Union of Engineering Workers policy making *national committee hears employers'* pay offer.

Overseas: EEC Foreign Ministers meet in Luxembourg.

President Ayala of Colombia starts three-day visit to Paris.

West European aviation authorities meet in Zurich to discuss grounding of DC-10 aircraft.

Singapore Prime Minister Lee Kuan Yew in Bonn for talks on EEC economic links.

OFFICIAL STATISTICS

Building Societies' receipts and loans for May.

PARLIAMENTARY BUSINESS

House of Commons: Chancellor of the Exchequer presents Budgets. At 7 pm opposed private business: Greater London Council (General Powers) Bill, second reading.

House of Lords: University College London Bill, third reading. Industrial Training Levy (Engineering) Order, motion for approval. Debate on 19th report of last session of EEC on CAP price proposals for 1979-80.

COMPANY RESULTS

Final dividends: Allied Breweries. Associated Newspapers Group. Bankers Investment Trust. British Benzol Carbonising. Channel Tunnel Investments. Daily Mail and General Trust. G.E.I. International. Hill Samuel Group. Johnson Matthey and Co. **Interim dividends:** Allied Breweries (second interim). *Archimedes Investment Trust.* Bertrams.

COMPANY MEETINGS

Averys, Smethwick, Warley, West Midlands, 12.15. Bunzl Pulp and Paper, Great Eastern Hotel, Liverpool Street, EC, 11.30. Clive Discount, 1 Royal Exchange Avenue, EC, 12. European Ferries, Connaught Rooms, Great Queen Street, WC, 11.30. Hoveringham, Nottingham, 12. Oxley Printing, 55, Conduit Street, W, 12. United Newspapers, 23-27, Tudor Street, EC, 12. Ward White, Berkeley Hotel, Knightsbridge, W, 12.

A. B. Foods at £78.9m after static second half

A SLIGHT fall from £45.6m to £45.2m in the second half left taxable profits of Associated British Foods at £78.9m for the year ended March 31, 1979, compared with £77.6m previously.

Mr. G. H. Weston, the chairman, describes the year as one of mixed success, with very satisfactory profit improvements from overseas and retail divisions being offset by the effects of this winter's industrial unrest in the UK, which widely and diversely affected manufacturing operations.

UK operating divisions achieved "creditable" results with trading profits of £47.4m against £47.7m. The manufacturing result was £2.9m lower at £36.1m, but this was largely offset by a £2.6m increase from the retailing side.

Trading results of overseas activities rose by £3.1m to £44m, improved results being achieved in all areas including Australia, New Zealand, South Africa, Europe and Eire.

Worldwide sales increased by £144m to £1.82bn, but this was after taking into account reductions of £45m for currency realignment and £87m following the sale of Alliance Wholesale Grocers in June, 1978. If adjustment is made for these factors, UK sales rose by 20 per cent and overseas sales by 14 per cent in terms of local currencies.

The chairman says the small improvement in overall profitability does not adequately reflect the strengthening of the group's competitive position during the year at home and overseas, or the extra effort that gave most of its operating divisions a very satisfactory sales increase.

Although competition remains intense in the wide areas of the food industry in which it operates, the group continues to improve its competitive strength at home and overseas, Mr. Weston states.

Given some lessening in industrial unrest which adversely affected margins last year, he believes the group can look forward to satisfactory profit growth in the current period.

The 1978-79 pre-tax result was struck after interest charges £1.5m higher at £12.5m, with a £2.2m increase overseas partially offset by a slight reduction in the UK.

	1978-79 £000	1977-78 £000
Sales	1,822,498	1,677,870
Trading surplus	122,476	118,224
Depreciation	31,052	26,885
Interest	12,526	10,710
Profit before tax	78,898	77,629
Tax	20,804	21,283
UK tax	8,985	9,203
Overseas tax	11,819	12,175
Net profit	58,094	56,249
To minorities	7,889	8,160
Extraord. credits	4,172	1,947
Retained	45,067	41,720

Tax, with SSAP 15 adopted, takes £20.8m (£21.4m), of which £11.8m (£12.2m) was overseas tax. Comparatives have been amended accordingly. As a consequence of this change in accounting policy, charge has been reduced by £15.1m (£13.8m).

A second interim dividend of 1.7003p (1.5226p) lifts the total net payment from 2.3161p to 2.5886p per 5p share.

Once again, a heavy investment programme in renewing fixed assets has been maintained and capital expenditure was up from £71m to £90m.

Last year, the group increased its borrowing by £1m in the UK, after covering £66m capital expenditure and a £2m rise in working capital, borrowings were reduced by £10m. Overseas borrowing was up £11m and capital expenditure totalled £35m.

At the year-end, net assets stood at £491.3m compared with £452.4m a year earlier.

The company is controlled by Whittington Investments.

See Lex

HIGHLIGHTS

Results published yesterday by two major companies were disappointingly flat. Metal Box lost £5m through the winter disruption and thus suffered a setback in the second half of the year. Lex looks at the likely trends in can production and highlights a more promising performance in the central heating division. Lex examines the results from Associated British Foods and finds that bread production was a problem area and the overall results were some way below expectations. The column also considers the probable recovery in institutional liquidity and makes the point that current levels are set to fall as the Government funding programme is restarted. Elsewhere, Thorn has made a significant investment in France.

SCOTTISH NORTHERN

Scottish Northern Investment Trust has renewed its $3.5m loan from Clydesdale Bank for three months with effect from June 6, 1979. The interest rate is 12⅛ per cent.

Freddie Mansfield

Sir Alex Page, chairman of Metal Box, at the Acton factory where two-piece beverage cans are produced. The group makes over 7bn cans a year at 14 factories.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ariel Inds.	1.42	—	1.27	2.35	2.14
A. B. Foods ...2nd Int.	1.7	Sept. 3	1.52	2.59	2.32
¶Blyvoor	65	Aug. 3	33	105	63
Caffyns	4.8	July 26	4.4	6.8	6.4
Craig & Rose 2nd int.	24.3	July 2	21.87	26.4	23.97
Dundonian	0.8	—	0.75*	1.5	1.42*
¶Durban Deep ...int	40	Aug. 3	nil	—	50
¶East Rand Prop. ...int.	10	Aug. 3	nil	—	10
Homfray ...int.	nil	—	1.31	—	3.13
Metal Box	10.72†	July 30	8.27	18.09	14.99
Prop. & Reversionary	4.22	—	3.16	6.22	5.21
‡Reabrook Inv. §2nd int.	0.84	July 9	1	1.68§	1.85
Sidlaw ...int.	1.5	July 26	1.5	—	6.72

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § For 10½ months. ¶ South African cents throughout.

Dundonian finishes 61% higher

A 61.64 per cent increase in taxable profits is reported by Dundonian, the public services, energy conservation and natural resources concern. Pre-tax profits expanded from £195,495 to £315,993 in the year to March 31, 1979, on turnover well ahead at £1.54m, against £926,517.

At midway, the surplus rose to £118,988 (£60,542), and the directors expected a substantial increase in full-year results.

Mr. Max Lewinsohn, chairman, says the current year has started well and prospects look promising. Recent acquisitions have considerably broadened the group's base.

A strong balance sheet has been developed with low gearing and shareholders' funds now in the region of £3m. The directors intend to place some emphasis upon achieving further substantial earnings growth by internal development and through new acquisitions.

After tax of £45,117 (£25,379), earnings per 20p share are shown some 50 per cent higher at 5.31p (3.54p). The net final dividend of 0.8p raises the total from an adjusted 1.42p to 1.5p. The directors say that, if the restrictions are lifted, they will reconsider their dividend policy.

● comment

Dundonian is a company to watch. It has promised big things in the recent past and it appears to be delivering them. Superficially the turnover has almost trebled in a year and the pre-tax profit is 62 per cent ahead of 1977-78. But roughly half the latest turnover comes from subsidiaries based in Guernsey acquired during the year, as does a sizeable chunk of the higher profits. A finance company and an insurance company, the new subsidiaries seem to fall into the public services sector of group activities and emphasise the importance of this diversification (which includes the traditional funeral services) to group assets, profits and turnover. The main product of the energy conservation division, the G-Nav system, is something of a disappointment. The company has extolled its virtues in past annual reports but there is little turnover or profit contribution to date. The minerals division, based on tin and tungsten prospects in Cornwall, has absorbed some £450,000 in exploration and development expenditure. Some of this has been recovered from the Government and more has been raised by selling off a stake in the operating subsidiary, South West Consolidated Minerals. Expenditure has been capitalised and it could be some time before the company receives positive cash flow from the projects. The shares were unchanged at 46p yesterday giving a p/e of 8.5 on published earnings and a yield of 5 per cent. The company has good prospects for above average profit growth but there are also above average risks. An interesting stock for speculators.

Ariel Industries rises to record £813,000

TAXABLE PROFITS of Ariel Industries, industrial fasteners, light engineering products group, advanced to a record £812,949 for the year ended March 31, 1979, against £783,309, following a slight increase at midway from £325,900 to £328,600.

The dividend is raised to 2.352p net per 25p share compared with 2.137p with a final payment of 1.417p.

Turnover was ahead at £6.78m (£6.23m) and the pre-tax figure was subject to tax, lower at £68,720 (£84,131).

There was a £65,869 provision, last time, for the loss on sale of the South African operations. At the year-end the amount retained was £601,189 (£505,269).

Tax was limited as a matter of principle to reflect only that liability which may arise. The directors intend to ensure that the long term investment and stock holding policies are consistent with this principle.

● comment

In a difficult home market, Ariel's prospects appears to be increasingly reliant on its export division which accounted for over a third of turnover last year. The value of goods exported rose to some £2m against £1.88m previously, with Europe again the main target. Overall, pre-tax profits are some 4 per cent higher after a flat first half hampered by slack domestic demand. Last year, capital expenditure was raised to over £1m (£759,000) for the modernisation and expansion of its factories but what may prove interesting is the move, through Thomas Hunter, into food production by the NFT (nutrient film technique) method. The group has so far injected some £650,000 into this project and operations have started, which may make a significant contribution to future profits. The shares were unchanged at 38p yesterday on a yield of 9.7 per cent and a fully taxed p/e of 5.6.

Craig and Rose ahead to £328,000

Pre-tax profits of Craig and Rose, paint manufacturer, increased from £252,483 to £328,197 in 1978, on turnover of £4.04m compared with £3.33m last time.

At the halfway stage, the surplus was up from £90,647 to £117,391.

After tax of £172,882 (£132,051), earnings per £1 share are shown to have risen to 151.82p (116.93p). The net total dividend is stepped up to 26.402p (23.97p), with a second interim of 24.302p in lieu of the final.

ICI Australia earnings rise 9.9%

Better trading conditions in Australia and New Zealand enabled Melbourne-based ICI Australia to push up earnings 9.9 per cent from $19.7m to $21.6m in the six months to March 31, 1979.

However, costs proved a problem with sales outstripping profit with a 17 per cent gain to $442m, while the pre-tax figure was up 33 per cent to $40m. The group is to pay a steady dividend of 7 cents a share.

The main profit contributors were ICI New Zealand and paint offshoot, Dulux Australia. NZ operations achieved a 62 per cent improvement to $2m while Dulux—aided by the introduction of several new product launches from the motoring sector and better demand in the building industry—made a 124 per cent leap to $1.8m.

However, the directors say almost all of the group's products, including plastics, commercial explosives, heavy chemicals and synthetic fibre, enjoyed improved market demand.

Non-trading revenue was down from $8.04m to $5.85m, because of reduced interest on surplus funds as major capital projects—a $60m polypropylene plant in Sydney and a $36m PVC plant in Melbourne—near completion.

Haulage strike cuts back Metal Box in second half

A SECOND half fall from £30.73m to £26.86m left taxable profits of Metal Box £2.45m ahead at £58.23m for the year ended March 31, 1979.

Sir Alex Page, chairman, says that but for the road haulage strike, UK profit, which amounted to £36.51m against £34.34m, would have been £5m more. Overseas profit was £21.89m compared with £20.44m.

Outlook is more difficult than usual to predict, he states. There is scope to improve efficiencies and therefore profit, even if sales—up from £807.5m to £922.6m for the year—do not increase dramatically.

Given the wide spread of business throughout the world with the new ventures in the U.S., he is satisfied the group is well set on a forward course.

On capital increased from last November's one-for-four rights issue, earnings are shown as 57.3p (61.8p) per £1 share, and as forecast, the dividend is stepped up to 18.09p (14.9914p) net with a final of 10.72p.

Sir Alex says that Ideal Stelrad, boiler and radiator business, together with other engineering businesses, is progressing well: they now constitute some 25 per cent of earnings of the UK business and significant expansions are taking place.

Overseas in general the company had a good year. The Indian company is now "extremely busy and achieving a good performance."

Also during the year, major investments were made in the U.S. Metal Box-Standun was established to supply Pepsi-Cola cans—a factory was erected and can manufacture began in Los Angeles in less than twelve months.

And the Risdon Manufacturing Company a manufacturer of packaging for cosmetics and other specialty packaging, was acquired, he adds.

Expenditure on fixed assets in the year, at home and overseas, came to £93.7m, which included £26.6m on acquisition.

Sir Alex says that on top of the road haulage strike stopping movement at the group's own factories and at customers' factories, production was also thoroughly dislocated by the tinplate suppliers, "and was not straight yet."

There has been no great urgency to step up food can supplies because of good stocks around the country but he hopes in the current year the group will reap some benefit of what was undoubtedly the clearing out of stocks in the shops."

He expects the Los Angeles canning plant to be into profit by the last quarter of 1979. The Risdon acquisition did not make a contribution last year, he states, and is undergoing rationalisation, but he sees potential to expand into cosmetic packaging—Risdons' speciality—outside the U.S. at some stage.

The chairman points out that the U.K. central heating operation did particularly well moving up from around 18 per cent of UK profits to 25 per cent and is still on the upgrade.

Metal Box is still looking around for expansion in Europe he says, and hopes something might materialise this year. But in general terms it is not actively looking for diversifications outside its original business.

Extraordinary items for the year are largely currency conversion losses on overseas assets.

Overseas tax was up largely because India moved into good profit after paying little tax the previous year, and tax rates were increased in a range of overseas countries.

See Lex

Homfray falls to £0.29m

DESPITE a £104,000 turnround to a £73,000 profit in the furnishing fabrics subsidiary, taxable surplus of Homfray and Company, carpet manufacturer, slumped from £643,000 to £290,000 for the six months ended March 31, 1979. Profit for the previous year had fallen from £1.72m to £1.05m.

Sales for the six months were down slightly to £20.29m (£20.98m) and the directors say that prospects for the summer months are not encouraging. And they are passing the interim dividend and postponing any payment until results for the full year are known—last year's dividend totalled 3.125p.

Further re-equipment plans are being finalised, they add, involving significant capital investment, which will improve productivity, and enable the company to compete profitably in both the UK and world markets.

Both sales and profits of the European carpet group, after an encouraging first quarter, fell well below the figures expected for the six months period. Sales in the UK were severely curtailed due to the bad weather and the effects of the transport drivers' strike, directors say.

Exports, normally about 30 per cent of sales from the UK, were hit particularly hard by the action of pickets and normal repeat orders did not materialise in subsequent months.

	6 months 1978/79 £'000	1977/78 £'000
External sales	20,294	20,982
Carpets—Europe	16,326	15,794
Carpets—Australia	2,913	3,716
Furnishing	1,055	1,472
Depreciation	582	640
Interest	289	197
Profit before tax	290	643
Carpets—Europe	186	354
Carpets—Australia	31	320
Furnishing	73	31
Tax	126	321
Profit after tax	164	321
†Extraordinary debits	734	184
Pref. dividend	1	1
Ord. dividend	—	202
From reserves	571	65

* Loss. † Arisen mainly from currency exchange rate changes, amounting to £410,000, and loss on sale of furnishing fabrics sub. British Furtex, on February 9, 1979, assessed at £320,000.

Of more significance is the competition now being experienced, for the first time to any serious degree, from U.S. carpet exports, they state, not only to the group's traditional overseas markets but also in the UK.

As foreseen in February, the trading results of the Australian companies were adversely affected by a large volume of carpet imported into Australia from New Zealand and Canada.

● comment

It is difficult to extract any comfort from Homray's first half results, which reflect losses in the second quarter. For the first six months profits are 55 per cent lower, the interim dividend has been passed and the company is far from optimistic about second half prospects. The company's problems started when the rising value of sterling slashed export margins in competitive overseas markets. Then the lorry driver's strike locked up exports for at least six weeks after which repeat orders were more difficult to sustain. All this was compounded by equally difficult trading conditions at home where Homfray is struggling to hold its share in the lower medium end of the carpet market. The company has sufficiently a strong balance sheet to weather any short term difficulties but clearly, the company is banking on an improvement in demand and consequently margins, over the medium term to arrest the profits slide. The shares fell 4½p to 30½p where the market capitalisation is £4.7m.

DUCKWARI PAYS PREF. DIVIDENDS

Having received a remittance from Sri Lanka, the directors of Duckwari Tea and Rubber Estates say the dividend on preference shares for the four years to September 30, 1974, will be paid to shareholders forthwith.

NOTICE OF REDEMPTION

To the Holders of

OTIS ELEVATOR INTERNATIONAL CAPITAL CORP.

(now Otis Elevator Company)

8¾% Guaranteed Debentures Due 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1970 providing for the above Debentures, all of the outstanding Otis Elevator International Capital Corp. (now Otis Elevator Company) 8¾% Guaranteed Debentures due 1985 have been called for redemption on August 1, 1979 at the redemption price of 101% of the principal amount thereof, plus interest accrued and unpaid to August 1, 1979.

Payment will be made upon presentation and surrender of said Debentures with coupons due on and after May 1, 1980 attached at the main offices of any of the following: Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015; Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London and Paris; Banca Vonwiller & C. S.p.A. in Milan; Bank Mees & Hope NV in Amsterdam; and Kredietbank S.A. Luxembourgeoise in Luxembourg.

On and after August 1, 1979 interest on the Debentures shall cease to accrue, and the coupons for such interest shall be void.

OTIS ELEVATOR COMPANY

Dated: June 12, 1979

● NEWS ANALYSIS—NEWMAN INDUSTRIES/TPG

[P]ru: champion of the weak

BY JOHN MAKINSON

[SHAR]EHOLDERS without the [financ]ial muscle to take on the [comp]anies in which they invest [can] take heart from an action [due t]o begin the Chancery Divi[sion] of the High Court on Thurs[day]. In the role of defender of [the w]eak will be one of the [bigg]est of City institutions—[Prude]ntial Assurance.

[The] Prudential is bringing the [actio]n on behalf of itself and [abou]t two other shareholders [in N]ewman Industries against [Newm]an, Mr. Alan Frank Bart[lett], Mr. John Knox Laughton [and T]homas Poole and Gladstone (TPG).

[Pru]dential's own holding in [Newm]an has always been tiny—[about] 5 per cent—and the bene[fit]s of a successful action [would] primarily be non-institu[tional] investors in the company. Prudential's share in [damag]es would be far out[weigh]ed by the cost of preparing [the ca]se.

[The] action concerns a deal [under] which Newman paid [£496,0]00 to TPG for a diversified [portfo]lio of assets and liabilities. [At the] time, TPG owned 25.6 per [cent o]f Newman's capital, while [Mr. B]artlett and Mr. Laughton [were] respectively chairman and [dire]ctor of both companies.

[P]rudential claims that the [Newma]n circular "is and at all [times] was misleading and/or [tricky]" that, on this basis, the [genera]l meeting which approved [o]f the deal in July 1975 was [improper]ly convened, and that the [resolu]tion is, therefore, void.

[Pru]dential had earlier claimed [rescis]sion of the deal, but is now [procee]ding with a claim for [damag]es in lieu of rescission. [The] damages would be assessed [by an] inquiry after the case. The [compa]ny is also claiming [damag]es from Mr. Bartlett and [Mr. L]aughton "for breach of [duty] and further or in the [alterna]tive damage for con[spirac]y."

[The] action is set down for six [days] but could well last longer. [The] original write was served [some t]hree years ago and the [backgr]ound is a long one.

[The] original circular contained [two ba]sic proposals. This week's [action] concerns the first, under [which] Newman was to acquire from TPG assets valued at £1.5m and liabilities valued at £1.171m—leaving a balance of £325,000.

The assets included holdings in four listed companies, benefit of a debt of £30,000, a bank balance of £144,000 and a variety of other investments—including £4,000 in production of a film called "The House on the Klong."

Newman was also to acquire £100,000 of promissory notes issued by Smithamcote, a holding company for management consultancy firms of which Mr. Bartlett and Mr. Laughton were directors. The liabilities comprosed bank overdrafts and loan capital.

The second proposal was for Newman to obtain an option to buy 19.8 per cent stake in TPG from Strongpoint, a company owned by Mr. Bartlett and Mr. Laughton. The price was 10p per share cash, about twice the then ruling price.

The circular disclosed that Newman had already paid £216,000 on account to TPG for the first deal and £280,000 to Strongpoint for the second.

An extraordinary general meeting was convened for July 8, 1975, to consider the two resolutions. A few days before, however, Mr. Angus Murray, chairman of Redman Heenan and then a non-executive director of Newman, sent letter to Mr. Bartlett in which, in addition to many other points, he made the following:

"I must now state to you that I am not in favour of either of the two Ordinary Resolutions... On the contrary, I would advise shareholders to reject both proposals as I consider that their implementation would be detrimental to their interests."

At the meeting Prudential successfully moved an adjournment and it was agreed to invite a merchant bank to make an independent report. A fresh meeting was set for July 29, by which time the report, compiled by Schroder Wagg and Mr. Jeremiah Harman QC, was expected to be ready.

When the report was not finished in time, Prudential sought an injunction to postpone the meeting again but failed. The first resolution was carried. The Strongpoint proposal was not put to the meeting and was shelved.

The Schroder report was made available in March 1976 and concluded that "on the balance of the evidence we have examined, it was not unreasonable for the Board of Newman to have recommended the transaction to shareholders." According to Mr. Murray, the whole of the Board did not recommend it. He said in his letter to Mr. Bartlett that he had not received any notice of the Board meeting which approved the recommendations.

Among the evidence available to Schroder was the following:

"We understand that Smithamcote defaulted on 28th June, 1975, in respect of the principal then due on its first promissory note (for £10,000) and the interest then due on all its promissory notes."

Newman shareholders were not informed of the default, which occurred before both of the EGMs.

The claims, as now expressed in the writ, will be exclusively financial. *It was decided not to* proceed with the claim for rescission very recently, partly because an unwinding of the agreement after four years could damage Newman Industries—and thereby the shareholders for whom the action is being fought.

The valuation and composition of the transferred assets is likely to be the focus of the case. Newman's auditors at the time, Deloitte and Co., stated that "in their opinion the fair value of the acquisition . . . is that payable under the agreement," while Mr. Bartlett says that the assets have performed "exceedingly well" since the agreement was made. Prudential can be expected to argue that the value placed on the package was misrepresentative of its true worth.

The action was scheduled to begin last week but the judge fell ill and, if he has not recovered in time, it may be adjourned again. A lengthy postponement would be unlikely, however, as Prudential has expended a great deal of time and money on the case, and must be impatient to see it settled.

Sidlaw down but recovering

Sidlaw Industries incurred a loss of £96,000 in the half-year to March 30, 1979, compared with a £168,000 profit last time, but after sharply increased share of associated companies' profits there was a taxable surplus of £122,000 against £260,000.

Mr. J. Carmichael, chairman of the spinner and manufacturer of jute and flax, says the road haulage strike and the severe winter seriously affected group results. At the annual meeting in March he had warned that first-half prospects were not good.

But he now expects a substantial recovery in the second six months. In the last full year, pre-tax profits were £1.01m (£1.14m).

The increased contribution from associated companies—up from £92,000 to £218,000—arose mainly from the growth of Skean Dhu, the chairman says. Higher interest rates pushed up charges to £390,000 (£284,000).

Turnover rose from £18.66m to £19.96m. The net interim dividend is maintained at 1.5p per 50p share and again costs £82,000. Last year's total was 6.7217p.

The chairman says the textiles division improved its overall performance from the loss incurred last time, but only a small profit was achieved.

Sidlaw Textiles' fabric section and the related U.S. marketing subsidiary again incurred losses in competitive markets. The jute spinning section remained busy, but the synthetic spinning units of Gills South Mills were affected by weak demand from the tufted carpet trade.

In the oil services and engineering division, reduced exploration activity, the offshore contractors' strike, the road haulage dispute and the bad winter resulted in lower profits. But the chairman says prospects remain encouraging.

The hardware division suffered an internal transport strike as well as the wider road haulage difficulties and incurred increased losses.

● comment

The recovery trend at Sidlaw, which began in the second half of last year, has been broken by the combined effects of strikes at the adverse winter weather. The oil services and engineering division was the hardest hit, but all activities suffered. The only bright spot in the first half was the contribution from associates, where profits jumped by 137 per cent. This was due mainly to Skean Dhu, the hotels and contract building company, which brought a second hotel on stream at Aberdeen Airport—an area benefiting from the increase in business travel. Trading has clearly picked up since March but it is still too early to judge whether the company will be able to match last year's second half profits figure of £0.75m. Assuming a maintained dividend payment, the prospective yield of 11.7 per cent gives good support to the shares, unchanged at 87p yesterday.

H. & C. DAVIS

H. and C. Davis, which is in liquidation, announces that the listing of the 5.5 per cent preference has been cancelled. It was suspended on March 15.

Property & Reversionary portfolio 27% higher

BY MICHAEL CASSELL

A 27 per cent increase in the property portfolio of Property and Reversionary Investment Corporation was announced yesterday.

The company, which turned in pre-tax profits of £1.26m (£1.08m) in th year ended March 31, 1979, also announced proposals to egive "A" ordinary shareholders voting rights and to increase its share capital from £2m to £6.5m.

The annual property valuation discloses a portfolio value of £34.03m, against £26.65m in March 1978. A total of 80 per cent of the properties (by value) are freehold and a further 15 per cent involve leaseholds in excess of 100 years.

After tax of £561,433 (£503,536) stated earnings per 25p share are higher at 9.8p (8.2p). The net final dividend of 4.22p lifts the total from 5.21p to 6.22p. The directors say the increase is in accordance with the 1.58 dividend cover last year; there will be no addition to the final in the event of a reduction in ACT, they add.

According to Mr. Alfred Rubens, chairman, the net asset value at the year-end was equivalent to 562p a share, a rise of 132p from 1978. He forecasts that pre-tax profits in the current year will show an increase of about 10 per cent.

In recommending voting rights for "A" ordinary shareholders, establishing a single class of ordinary shares ranking equally in all respects, the directors say they have been influenced "by the widely held view that all holders of equity shares should be entitled to have a voice in their company's affairs in proportion to their shareholdings."

The proposals will mean existing ordinary shareholders will lose voting control and there will be a notional one-for-fifteen "compensation issue."

In addition, all equity shareholders are to receive a scrip issue of two additional shares for each share held, including those arising from the compensation issue.

The capitalisation issue will bring the capital more into line with the increase in its net asset value in recent years and provide for the possibility of further expansion.

The directors say that, of the proposed new £6.5m share capital, £5.44m will be in issue.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allied Breweries, Archimedes Investment Trust, Associated Newspapers, Bertrams, East Driefontein Gold Mining.

Finals: Bankers' Investment Trust, British Benzol Carbonising, Channel Tunnel Investments, Daily Mail and General Trust, Doornfontein Gold Mining, GEI International, Hill Samuel, Johnson Matthey, Kloof Gold Mining, Libanon Gold Mining, Venterspost Gold Mining, West Driefontein Gold Mining.

FUTURE DATES

Interims—	
Crest Nicholson	June 19
Lonsdale Universal	June 21
Finals—	
Andersons' Rubber	June 22
Batleys of Yorkshire	June 27
Brown and Tawse	June 18
Control Securities	†June 14
E R F	June 19
Edbro	June 13
Electra Investment Trust	June 13
Mansfield Brewery	June 20
Pauls and Whites	June 14
Petbow	June 21
Polly Peck	June 14
Sekers International	June 14
Staveley Industries	June 14
UKO International	June 15
Wilkinson Match	June 21

† Amended.

Caffyns slips by £100,000

UPSET BY the severe weather and general industrial troubles performance of Caffyns, motor dealers and engineers, declined after halftime in 1978-79. Second half taxable profit down from £611,472 to £362,021 left the full-year total, for the 12 months to March 31, 1979, at £911,466, against £1.08m.

In December the directors said that sales had continued to improve in October and November.

By year end sales had reached £46.04m (£38.36m) but as expected costs, including depreciation, had climbed from £345,273 to £825,425.

The net final dividend of 4.6p per 50p lifts the total from 6.4p to 6.8p.

Tax took £152,969 (£116,128), with the deferred element treated according to SSAP 15, for the net balance to emerge at £768,497, compared with £965,919. Extraordinary gains of £145,353 (£138,747) raised attributed profit to £913,850 (£1.1m).

[L]ondon Trust sees successful year

[DESPIT]E LOOKING for a success[ful out]come to the current year, [Mr. Ed]ward Davies, the chairman [of Lon]don Trust, says net profit [will be] influenced by prevailing [interes]t rates.

[This] is particularly significant [as the] trust draws down its U.S.$20m currency loan, U.S.$20m in total, in [addition] to its Swiss franc 17.5m [an]d a temporary sterling [loan], he tells members.

[As r]eported May 17, after-tax [profit] increased 16.8 per cent to £2.25m, for the March 31, 1979 year and the dividend is raised 15 per cent to 4.75p net—over the past five years, net payments have grown by 130 per cent.

Net asset value per share advanced by some 32 per cent to 154p, assisted by the outstanding performance of some of the trust's larger holdings in the UK and in having 73 per cent of its funds here.

The chairman comments that the trust now has a 48.5 per cent equity holding in the long established North Yorkshire brewery of T. and R. Theakston, where profits for the March 31, 1979 year are expected to show a very material improvement over the previous 12 months. The trust's directors look to further progress during the current and future years.

English Transcontinental, in which ten per cent of the equity is held, has recently been reorganised and established in the Manchester area to provide specialised financial services.

MINING NEWS

UK COMPANY NEWS

New Australian move may help Pancontinental

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S decision to allow "in certain circumstances" a reduction to 50 per cent in domestic ownership of uranium resources—from the normal requirement of a minimum 75 per cent—could have an important bearing on the big Jabiluka development in the Northern Territory.

This is because a 35 per cent stake in the deposit is held by **Getty Oil** of the U.S., the remainder being held by Australia's **Pancontinental**, reports **Andrew Clark from Sydney**.

The relaxation announced over the weekend will allow the go-ahead for the 46,000 tonnes uranium deposit at Yeelirrie in Western Australia.

It is owned as to 75 per cent by Australia's **Western Mining** while **Esso Exploration** has 15 per cent and Germany's **Urangesellschaft** the remaining 10 per cent.

But Esso is to provide a further 35 per cent of the A$400m (£213m) development costs and take an additional 35 per cent of the product.

The Australian Treasurer, Mr. John Howard, said that if Australian capital could not be obtained for uranium projects which were of "signficant economic benefit" to Australia and in which local participants retained the major role in determining policy, the 75 per cent rule could be relaxed.

Although Mr. Howard did not specifically mention Jabiluka, which has proven reserves of 207,000 tonnes of uranium oxide, the company is believed to be privately confident that the present division of ownership will be allowed to remain.

Under long-standing arrangements, Getty proposes to supply all development costs in the form of loans and pre-paid purchases of uranium oxide. Pancontinental shares, however, eased 13p to 737p yesterday.

Newman set for big buying spree

FURTHER ACQUISITIONS should enable Newman Industries to take a major step forward in 1979, Mr. Alan Bartlett, the chairman, forecasts. The group is currently evaluating a number of possible purchases.

"We now have substantial resources which we intend to put to good use both in this year and the medium term future. As a result our trading achievements should continue to grow," he says.

In February last year Newman acquired a 31.25 per cent interest in and an option on the remaining 68.75 per cent of Avdel International for which, on completion, it expects to have paid £10.24m. Consolidation of this purchase enabled the group to finish 1978 with taxable profits up from £4.01m to a record £6.22m on sales of £70.8m (£45.13m).

At year end capital employed was more than doubled at £37.89m (£18.74m). Total borrowings were ahead to £19.22m, against £9.07m, and it held cash amounting to £2.32m (£66,000).

Mr. Bartlett points out that the group has increased its presence across the world through a sizeable rise in the number of overseas subsidiaries. In the UK its manufacturing investment programme has been maintained and the company looks forward to benefits from the improvement in production technology and capacity.

In 1978 the group's products were sold in 128 countries: "Even where substantial markets, such as Nigeria, suffer setbacks, we are able to absorb their effect and prepare for inevitable recovery," the chairman observes.

Turnover and operating profit of £6.29m, last year was split as to mechanical engineering £16.52m and £1.6m; electrical £13.4m and £1.24m; foundries £8.92m and £1.17m; potteries £10.89m and £0.81m and international trading £21.06m and £1.48m.

Capital commitments at December 31, totalled £1.26m (£0.82m) of which £0.6m (£0.56m) had been authorised but not contracted.

Meeting, Bristol, on July 4 at noon.

Lawrie Plantation forecasts £2m

The directors of **Lawrie Plantation Holdings** state that the final results of the tea operating company for 1978, including the results of Jokai India for the year ended March 31, 1978, are expected to show a reduction on the 1977 season.

The profit after tax of the group for 1978 is expected to be some £2m.

CHURCHBURY

Churchbury Estates' listing has been restored following the announcement of Board changes.

Spain speeds uranium search

TWO MINING consortiums have been set up in Spain to explore what are thought to be commercially viable uranium deposits, writes David Gardner in Madrid.

The main feature is the mixture of private and public Spanish capital, in association with two U.S. companies.

In the first consortium, for which Government approval was granted last month, the State participates with 40 per cent through the **Junta de Energia Nuclear (JEN)**. A subsidiary of the **Banco de Bilbao** holds a further 20 per cent, with the remaining 40 per cent held by **Chevron Resources**, a subsidiary of **Standard Oil of California**.

Initial investment in exploration amounts to a minimum $13.5m (£6.5m), 80 per cent of which will be put up by Chevron and the remainder by Bilbao. The State is obliged to reimburse this outlay only if uranium is discovered in commercial quantities. The State's holding then passes into the hands of the **Empresa Nacional de Uranio** (Enusa), controlled by the State holding company, INI.

Hitherto, Enusa has had the sole uranium mining licence in Spain, but this is circumvented by obliging the consortium to give first option on all uranium mined to Enusa.

The second consortium has been set up on almost identical terms. The **JEN** will this time hold 45 per cent. **Exxon**, through **Exxon Mineral Spain** holds a further 45 per cent, with the remaining ten per cent put up by **Petroleos del Mediterraneo** (Petromed). The initial investment will be worth $25m (£12.1m) with Exxon putting up the lion's share.

The larger initial outlay reflects the greater area to be covered, some 20,000 square km in the central northern provinces of Leon, Castilla La Vieja, and Aragon. The Chevron consortium will concentrate its efforts in a smaller area of some 8,8000 sq km, at Vich between Barcelona and Gerona, and at Villanueva, near Caceres, alongside the Portuguese border.

Both concerns are optimistic that their exploratory work will yield substantial finds, and both companies have committed money on less than generous Spanish terms to prove it.

Spain itself is beginning to devote increasing resources to uranium exploration, particularly in view of the country's ambitious nuclearisation programme. Enusa last year produced 129 tonnes of uranium oxide, a slight dip on 1977's production of 132 tonnes. Proven reserves amount to 9,500 tons of uranium oxide with a further 11,000 tons of unconfirmed reserves.

Guyana commissions bauxite mine

A NEW £20m bauxite mine has been commissioned by **Guyana Mining Enterprise (Guymine)** in the first major expansion of the country's mining industry since it passed into state hands, **reports our Georgetown correspondent**.

The mine will boost national output of calcined bauxite, over which Guyana has a near world monopoly. Reserves are estimated at 80m tons and are expected to last for 40 years.

Work on the new mine strated five years ago, not long after the Guyana interests of **Alcan** were nationalised in 1971. Some 15m cubic yards of overburden were cleared to a depth of 200 feet before the mine was commissioned.

Initially about 12 per cent of Guyana's calcined bauxite output will come from the new mine, rising to about 50 per cent by 1989. The mine is intended to replace existing properties as they become exhausted.

The commissioning comes at a time when preliminary studies have revealed that Guyana's bauxite reserves may be much larger than previously suspected. The studies indicate that billions of tons of lateritic material, including commercial grade bauxite exist over the 15,000 square miles of the Pakaraima Plateau in the west of the country.

An attractive feature of the patches of commercial grade bauxite, which have been proven in limited tests, is that the ore is on the surface and there is no need to invest in equipment to remove the overburden.

But Guymine officials warn that a great deal of exploration and evaluation are necessary before concrete results are available. They add that the techniques for investigation will have to be very different from those used in the traditional Guyana bauxite belt where reserves are adequate for between 40 and 50 years at the current consumption rate of about 4m tons a year.

Amoco ponders Detour gold

AMOCO CANADA PETROLEUM is studying its options for development of the Detour Lake gold prospect in Ontario following a feasibility study which produced higher capital cost estimates and lower mineable ore reserves than expected, **reports John Soganich from Toronto.**

At one stage it was thought that the remote Detour deposit could be developed into Canada's largest gold mining operation. The deposit has been reported as containing 10m tons of ore grading 0.224 ounces of gold per ton.

Amoco, a subsidiary of Standard Oil (Indiana), has spent C$9.3m (£3.8m) on Detour. The feasibility study has included underground development to a depth of 400 feet for the examination of the ore zone, core drilling and additional metallurgical testing.

The gold prospect is in the north east of Ontario, in a remote area accessible only by air when Amoco started work, and near Selection Trust's base metals project, just over the provincial border in Quebec.

The likelihood of development by Amoco has for long been considered at least partly dependent on a decision by Selection Trust to go ahead with its project. Both mines would be able to use the same access.

Selection Trust could make a decision on its project later this year. It has an option to buy a 50 per cent stake in the deposit presently held by Pickands Mather of the U.S. and is seeking a joint venture partner.

Blyvoor lifts dividend

IN THE latest batch of June dividend declarations, those of the Barlow Rand group, **Blyvoor** yesterday announced a final dividend of 65 cents (37p)—broadly in line with market expectations—making a total for the year of 105 cents (60p) against 65 cents last year.

At the lower end of market forecasts, however, are the interim declarations of **Durban Deep and East Rand Proprietary.**

The former, which returned to the dividend list last December, is making an interim payment of 40 cents (23p), against market forecasts of as much as 75 cents, while East Rand Proprietary's interim of 10 cents (5.7p) compares with expectations of up to 20 cents.

GROOTVLEI

Although the South African Union Corporation group's **Grootvlei** rates as a short-life gold mine, the reference to declining underground operations reported yesterday applied to the group's **Marievale Consolidated** and not to Grootvlei, as stated.

It is Marievale which anticipates a cessation by the end of this year of the significant contribution to total profits from underground operations. After this, Marievale's future dividends will depend on income from milling low grade rock dump material, clean-up operations and the disposal of assets.

Midland's new gilt fund

Midland Bank has launched a new gilt unit fund for savers seeking a high return.

The fund, Midland Drayton Gilt, is based in Jersey and will pass on income before deduction of tax.

The fund will concentrate mainly on British Government securities and is expected to appeal particularly to non-taxpayers in the UK and British nationals abroad.

The fund is run on standard unit trust lines but is technically a company with participating redeemable preference shares which will be issued and repurchased in response to investor demand.

The minimum investment is 1,000 shares which are on offer initially at £1 each including the manager's charge of 1½p per cent share.

COBALT HELPS OUTOKUMPU OY

Finland's state-owned **Outokumpu Oy** mining and refining group made improved profits last year despite low prices for its major products, copper, stainless steel, zinc and cobalt, reports our Helsinki correspondent.

The day was saved by sharply rising prices for cobalt and an increase of 129 per cent in sales of the technical export division. Total net profits rose to FM 8.3m (£1m) while turnover increased by 27 per cent to FM 1.75bn, of which exports accounted for 78 per cent.

Outokumpu Oy forecasts a further improvement in profitability for this year, again thanks to the high price of cobalt and the group's increasing production of the metal. Stainless steel production capacity is to be increased to 60,000 tonnes from 50,000 tonnes and more marketing subsidiaries are to be opened in the main export areas.

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BIDS and DEALS

Thorn in £26m French television rental deal

BY CHRISTINE MOIR

Thorn Electrical Industries has acquired 50.1 per cent of **Locatel SA**, the largest television rental group in France, and is bidding for the rest at a price which values Locatel at £26.3m (FFr 240m).

Thorn, which established a small television rental chain, Visea, in France 18 months ago, acquired the Locatel stake from two corporate shareholders, Eura France and Sofipa, through Lazard Brothers, at FFr 450 per share in cash.

It will now stand in the market at this price in an attempt to acquire the outstanding equity. The offer price represents a 56.8 per cent increase over yesterday's closing price on the Paris Bourse.

Locatel, which was established in 1962, now has 89 shops and around 900 television agencies, servicing 101,000 colour television sets and 78,000 black and white sets throughout France.

Its turnover for the year to last August was FFr 218.3m, an 18 per cent increase on the previous year. Post tax profits were FFr 11.6m (FFr 9.4m). At the time of the latest rights issue in February, net tangible assets were stated to be FFr 81.9m.

Thorn as television rental operations in most other European countries as well as Australasia and South Africa. A spokesman for the group said that the French acquisition was made in the light of the potential growth in penetration of colour sets in that country. Ownership of colour sets in France is only 22 per cent of all sets compared with 68 per cent in the UK.

The transfer of the controlling interest in Locatel is still subject to consent by the French and UK authorities.

AMBER DAY PAYS £1.3M FOR RANDALL FASHION

Amber Day, the clothing manufacturer and retailer, is paying about £1.29m in shares and cash for **Randall Fashion Group**, a private company retailing ladies' clothing from stores at Brent Cross, Bromley and Croydon.

Mr. Ronald Metzger, chairman of Amber said the acquisition would strengthen the management and spread of interests in its ladies retail fashion division. Two Randall directors will join the main Board when the acquisition is completed in September.

Randall's turnover in 1978 was £1.55m while pre-tax profits "are running at a rate of £260,000."

JANTAR OFFER LAPSES

The 10p per share offer for **Jantar** from Mr. Edward Nassar has lapsed. On the closing date last Friday Mr. Nassar's offer had been accepted by only just over 10 per cent of holders of the outstanding 70 per cent of the equity.

Mr. Nassar's bid, increased from 9½p to 10p, was triggered off when his stake rose from just under 30 per cent to a fraction over. Mr. Nassar will continue to hold that stake and under Stock Exchange rules may not now make another bid for a further 12 months.

NSS PAYS £0.85M FOR 16 SHOPS

NSS Newsagents has acquired from **A. J. N. (Newsagent)** 16 shops in the Leicester area trading as County News for £851,564 cash.

Assets acquired are valued as follows: — goodwill £580,000, trade fixtures and fittings £88,000, stock £107,350, freehold shops £46,000, freehold houses £25,000, total £846,350.

Profit, before tax, derived from this acquisition is estimated at £140,000.

NSS intends maintaining continuity of employment for management and staff of these Leicester shops but no directors of A. J. N. are joining NSS.

SUITS

At an EGM in Glasgow, shareholders of **Scottish and Universal Investments** unanimously voted in favour of the capital reorganisation in connection with the offer by **Lonrho**.

It is expected that the offer by Lonrho will become totally unconditional tomorrow, when a further announcement will be issued.

Acceptances to date, together with shares of SUITS already held by Lonrho, amount to 94.6 per cent of SUITS capital.

Interest grows in John James

John James Group, the Bristol-based industrial and investment company, has announced that it is currently holding talks with more than one possible suitor.

The group, which is headed by the colourful 73-year-old millionaire Mr. John James, said discussions with interested parties were continuing and added that consideration of any offer would take fully into account the interests of shareholders and employees.

Speculation about the future of the company has been mounting since John James shares were suspended last month at 55p, a level which valued the group at £15.5m.

John James Groups interests include a wide variety of engineering companies, with a particular emphasis on tubes, valves and fittings, and an £8.6m portfolio of preference shares.

It seems likely that arrangements will be made for the preference share portfolio to be passed to a trust with which Mr. James will be associated.

It is understood that the details of a bid had almost been agreed before the shares were suspended. This move, however, flushed out interest from other parties.

Mr. James is no longer the beneficial owner of any shares in the group. Between them, however, a family trust and the Dawn James charitable foundation own about two thirds of the share capital.

Meanwhile, John James accounts for the year to March 31 are in the final stages of consolidation and the Board considers the likely level of results for the year to be very encouraging.

SHARE STAKES

James Beattie—Mrs. Sallie I. du Cann, wife of Mr. Edward du Cann, has been appointed a director. Her interests are 14,000 ordinary shares and 214,900 "A" ordinary.

Sime Darby Holdings—Wee Cho Yaw, director, notifies that a company in which he is deemed to be interested, has acquired 250,000 shares making holding 640,000. His personal holding is 60,000.

Trust House Forte—Kuwait Investment Office has sold 300,000 shares reducing interest to 11.22m (5.57 per cent).

Fine Art Developments—D. I. Barnes, director, has sold 574,672 shares. G. B. Barnes, director, has sold 408,325. W. N. Rigby, director, has sold 10,975.

Leda Investment Trust—Sir Robert McAlpine and Mr. Kenneth McAlpine as non-beneficial trustees have bought further 159,000 capital shares making holding in this capacity 575,000 (11.54 per cent).

Thomas Borthwick and Sons—Sir John T. Borthwick, director, on June 6 bought 75,000 shares and on June 7 25,000.

Rand London Corporation — London Trust Co. has bought further 176,000 shares making holding 1m (8.5 per cent).

Francis Sumner (Holdings) — N. Davis, director, has notified that Louis Flower, a family investment company of which he is also a director, has bought 25,000 shares making holding 1,235,000.

Spencer Clark Metal Industries — New Investment Company has become beneficial owner of further 250,000 shares making total of 10.81 per cent.

Normand Electrical Holdings — Throgmorton Trust has bought 50,000 shares making holding 789,360 (10.96 per cent).

B AND C BID VALUES MANIFORD INV. AT £3.2M

British and Commonwealth Shipping Company has agreed terms with the independent shareholders of Maniford Investment Holdings. The bid, first announced late in May, values the company at £3.2m, or 157½p per share. British and Commonwealth already held 49.3 per cent and the next largest shareholder (with around ten per cent) is 36 per cent owned by B and C. The directors of Maniford, an unquoted company, have accepted the offer on behalf of their own 5.8 per cent holdings.

Howden share deal

Howden Group, the Glasgow engineering concern, is to issue shares—representing 49 per cent—of its Canadian subsidiary, Howden Canada, to BBC Brown, Boveri of Baden, Switzerland, in a cash deal worth C$15.5m (£6.5m).

The move follows the acquisition by Howden last year of the 49 per cen tstake, which it did not already own, in Howden Parsons from Northern Engineering Industries in a deal worth C$13.9m. Howden Parsons was later renamed Howden Canada.

Arrangements were then made with BBC Brown, Boveri to collaborate in the submission of tenders and the supply of Brown Boveri-designe dturbine generators throughout Canada. And, as part of the deal, BBC Brown, Boveri had an option to negotiate to acquire up to 49 per cent of the share capital of Howden Canada.

The deal is to be arranged through the issue by Howden Canada of 96,078 common shares of C$1 to a Canadian subsidiary of BBC Brown, Boveri for C$15.5m each, payable as to C$1 per share, and the balance of $15.4m on July 15, 1981, or alternatively, at the election of either party, on July 15, 1982. The proceeds from the sale are to be used by Howden Canada as additional working capital.

Howden Group said yesterday: "The collaboration between the two parties will be strengthened Brown, Boveri as a substantial by the participation of BBC shareholder in Howden Canada an dis expected, in due course, to result in further substantial orders."

BASS MAY SELL WINE BUSINESS

Bass, formerly Bass Charrington, is considering selling off its Bordeaux-based wine shipping business **Alexis Lichine et Cie.** Talks have been taking place with a number of interested parties but no decision has yet been taken.

IRISH OIL AND CAKE MILLS

Irish Oil and Cake Mills, an edible oils company which is the object of a potential take-over bid, yesterday had its listing on the Stock Exchange restored.

S. Rabitte and Co., which together with associates owns 20.4 per cent of the IOCM equity, has declared that it will make an offer at 70p per share, valuing the company at £2.8m., provided that it succeeds in purchasing 29 per cent of the equity from Scotia Nominees.

Oil companies defend role of Petro-Canada

By ROBERT GIBBENS in Montreal

CANADA'S oil industry, which several years ago fought so strongly against the Trudeau government's plan to set up Petro-Canada, the national oil company, is calling on Prime Minister Joe Clark to go slow with implementation of his campaign promise either to break up the company or sell off part of its stock to the public.

Mr. Jack Armstrong, head of Imperial Oil (Exxon), Canada's largest integrated oil company, Senator Ernest Manning, former Alberta Premier and now a consultant in Calgary and Edmonton, and several leaders of the smaller Canadian-owned exploration companies such as Carl Nicle, of Calgary, have argued publicly in the past few days that Mr. Clark should think twice before disturbing the present set-up.

These oil industry spokesmen, aware that the Clark government will face strong opposition to a break-up of Petro-Canada from both the Liberal and New Democrat opposition, are also arguing that it is foolish to put a move against Petro-Canada in its present form at the top of the new government's priority list.

While all agree that they opposed its formation vehemently, they now see a definite role for the national oil company in making major contributions to exploration and development in areas such as the Far North and offshore East Coast where costs are extremely high and the payoff delayed by technical difficulties or construction of major pipelines in the future.

Cost burden

Many large oil companies in Canada are saying that with the present tax and royalty regime and the incentives for drilling in frontier and remote offshore areas, the private-sector part of the industry cannot shoulder all the costs as well as keep mainland exploration and development going at a faster pace. The Progressive Conservative Government elected on May 22 has undertaken to ease some of the burden on the industry and assure it of longer periods for special tax incentives.

No matter what is decided in the tax and incentive areas, it would not be necessary to change the status of Petro-Canada—*which last year took* over complete ownership of Phillips Petroleum's Canadian subsidiary in a deal worth more than $1.4bn—the largest take-over in Canadian business history.

But the industry is asking the Government to revise the rules particularly those affecting northern frontier exploration, under which Petro-Canada is regarded as naving an unfair advantage. In certain circumstances, Petro-Canada has first call on acreage in the Arctic Islands, and the industry says this allows it to get some of the best exploration areas available without making a commensurate expenditure on seismic work or drilling. The Arctic areas are undisputed federal lands.

Some oil industry spokesmen now even say that Petro-Canada, under its president Mr. William Hopper, an Imperial Oil man in western Canada before he went into the federal civil service, has done a good joh in educating Ottawa politicians and mandarins about the realities of the oil industry.

This is ironical since Mr. Hopper, shortly after the formation of Petro-Canada, accused some major companies of waging a campaign of vili*fication against it.*

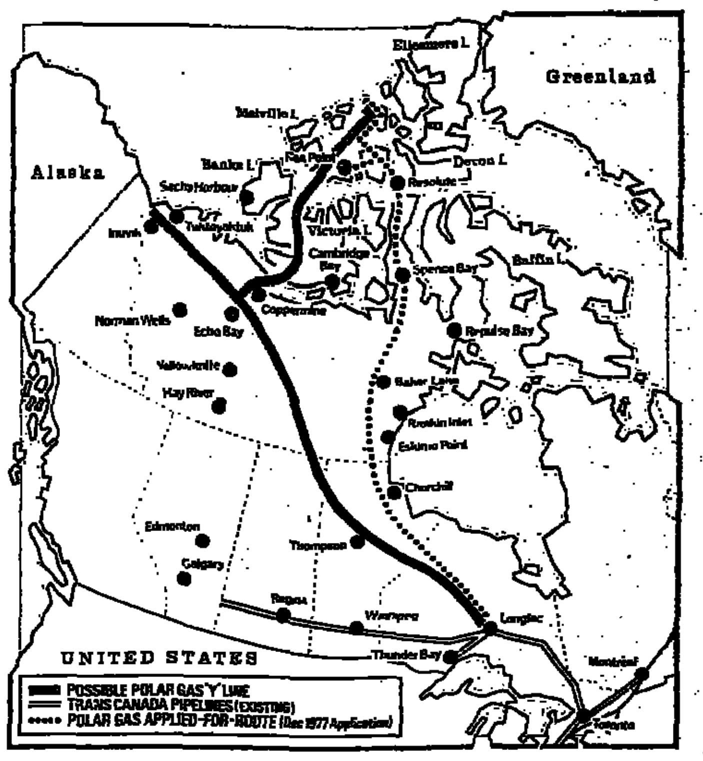
Petro-Canada, before taking over the Phillips subsidiary, had also bought out Atlantic-Richfield's operations in Canada. Both moves were criticised in the industry which said that government funds were used as the equity base for the deals, when the money could have been used more usefully to find more oil and gas.

Petro-Canada also owns the largest single block of stock and control in the Panarctic Oils consortium, which began the Arctic Islands exploration after the Prudhoe Bay oil and gas find in Alaska in 1968. It has been taking a leading role in Panarctic's operations and policies, giving rise to rumours that it would buy the private partners out. It has denied this Biggest single stockholders in the private sector are the Canadian Pacific group and the Noranda Mines group.

Panarctic has found a new field offshore from Northern Melville Island, increasing its proven gas reserves there perhaps to 15 trillion (million million) cubic feet.

This has created new pressures to give a Polar Gas pipeline route another hearin instead of plans to mo Melville Island gas by LN carriers of 140,000 cul metres capacity via Lancast Sound and Davis Strait do the Labrador coast into the Lawrence to a terminal east Quebec City.

World shipbuilders have g as far as offering designs a quotations for such LN carriers, ranging up to abo $400m each. No decision w reached by the Trudeau gove ment on this so-called Arc Pilot Project. It will come again this autumn before t new Government.



Pipelines

Petro-Canada has been leading sponsor of this proje and would help finance it if went through.

The alternate Polar Gas pi line would bring Melville (a later King Christian Islan gas with a wide pipeline to t mainland around Coppermi *and join the old Macken* Valley pipeline propos several years ago and beat out by the Alaska Highway g pipeline project routi *Prudhoe Bay gas* to south Fairbanks, Alaska, and th swinging into northern Cana and Alberta and south Midwest U.S. markets.

Mackenzie Valley gas w supposed to be hooked up this line later via the Dempst Highway route—the road is no being finished from Dawson Inuvik at *the head of th* Mackenzie Delta.

The new Polar Gas route known as the Y-line (see ma and it is now clear the changi exploration scene will present new set of options to the Cla Government.

In the case of Polar Gas an the Y-line, there is powerf sponsorship, including Tran Canada Pipelines, which effectively controlled now b Dome Petroleum, the pionee exploration group in the Bea fort Sea between Prudhoe Ba and the Mackenzie Delta.

The Y-line may have mor attraction than the old Pola Gas route which would hav brought central Arctic gas t the mainland via the Boothi Peninsula, continuing down th west side of Hudson's Bay t northern Ontario and connect ing with Midwest markets.

CURRENCIES, MONEY and GOLD

£ and $ steady in quiet trading

...rading in yesterday's foreign ...ange market remained very ...lued ahead of today's Budget. ...business comprising mostly ...ring of short positions. ...ay's trade figures had left ...: people's optimism some... dampened and there was ...likelihood of any real ...ment ahead of today's econ... package. Sterling showed a ...tly firmer tendency overall, ...dealers stressed that move... ...s may have been exaggerated ...ne extremely thin conditions. ...trade weighted basis using ...of England figures, the ...d's index rose slightly to ...from 67.2, having stood at ...at noon and 67.5 in the ...ning. Against the dollar it ...ed at $2.0660-2.0670 and ...ly dipped to $2.0605 before ...oving steadily through the ...of the day to close at ...$2.0683-2.0693, a rise of 58 points ...Friday. Trading for the ...e day took place within a ...narrow range of $2.0605-...5.

...e dollar finished near its ...level for the day against ...currencies in rather feature-... trading. Against the D-mark ...ished at DM 1.9135 against ...1.9110 and SwFr 1.7325 from ...1.7300 in terms of the ...franc. The yen showed a ...ger tendency with the dollar ...d at Y218.70 compared with ...5. On Bank of England's ...es, the dollar's index rose ...9 from 86.8 on Friday.

...ANKFURT — There was no ...vention at yesterday's fixing ...he Bundesbank when the ...r was fixed at DM 1.9122 ...tly up from Friday's level ...M 1.9113. Trading was gen... quiet with little fresh news to affect trading, although the U.S. currency may have benefited on news of a higher than expected rise in the Swiss Wholesale Price Index.

The Belgian franc was fixed at DM 6.22% per BFr 100, above its floor level of DM 6.2210 and without any support from the Bundesbank, and the Danish krone also managed an improvement to DM 34.70 per DKr 100 compared with its floor level of DM 34.645.

BRUSSELS—Intervention by the Belgian Central Bank enabled the Belgian franc to rise above its lowest permitted level against the D-mark of BFr 16.074 to BFr 16.0585. Estimates within the market put the Bank's intervention at around DM60m. Against other currencies the franc showed mixed changes, but within the EMS, it remained the weakest member.

MILAN—The lira improved against the dollar and EMS currencies in general with trading at a low level. The dollar was fixed at L853.8 against L856.7 on Friday, and the D-mark eased to L446.54 from L446.70. Sterling showed hardly any change at L1,764.88 compared with L1,764.95 previously.

TOKYO — The dollar lost ground against the yen yesterday and closed at Y218.825, sharply lower than Friday's level of Y220.225. Recent comments by the Japanese authorities expressing a desire to see the yen trading in the range of Y190-Y200 were cited as the main reason for the U.S. unit's decline, and yesterday's fall was carried over from previous trading in other centres.

THE POUND SPOT AND FORWARD

June 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0605-2.0695	2.0683-2.0693	0.17-0.70c pm	0.70	0.80-0.70 pm	1.45
Canada	2.4230-2.4315	2.4305-2.4315	0.17-0.07c pm	0.59	0.48-0.38 pm	0.71
Nethlnd.	4.30½-4.34½	4.33-4.34	1⅞-⅝c pm	3.11	3⅞-2⅞ pm	3.11
Belgium	63.25-63.65	63.50-63.60	23-13c pm	3.40	45-35 pm	2.52
Denmark	11.36-11.42	11.40½-11.41½	1ore pm-1ore dis	par	½-2½ dis	0.53
Ireland	1.0455-1.0495	1.0460-1.0470	5.15p dis	−1.15	60-70p dis	−2.48
W. Ger.	3.93½-3.96½	3.95½-3.96½	2⅛-1⅞pf pm	5.68	6½-5⅛ pm	5.68
Portugal	102.60-103.70	102.90-103.20	50-110c dis	−9.32	125-225 dis	−6.79
Spain	136.10-137.00	136.75-136.85	20c pm-30c dis	−0.43	20 pm-30 dis	0.15
Italy	1.758-1.767	1.765¼-1.766¼	par-2lire dis	−0.68	2½-4¼ dis	−0.74
Norway	10.71-10.77	10.76-10.77	2¾-¼ore pm	1.95	7¾-5¾ pm	2.51
France	9.11-9.16	9.14¼-9.15¼	1c pm-par	0.66	2-1 pm	0.66
Sweden	9.03-9.08½	9.07½-9.08½	3½-1¾ore pm	3.14	7¾-5¾ pm	2.98
Japan	449½-455	452-453	2.55-2.30y pm	6.43	7.30-6.95 pm	6.30
Austria	29.05-29.20	29.13-29.18	17-7gro pm	4.94	55-45 pm	6.86
Switz.	3.56-3.59½	3.58-3.59	3½-2½c pm	10.04	9¾-8¼ pm	9.21

Belgian rate is for convertible francs. Financial franc 65.75-65.85. Six-month forward dollar 1.65-1.60c pm; 12-month 3.00-2.90c pm.

THE DOLLAR SPOT AND FORWARD

June 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0605-2.0635	2.0683-2.0693	0.17-0.07c pm	0.70	0.80-0.70 pm	1.45
Ireland†	1.9710-1.9750	1.9720-1.9750	0.65-0.40c pm	3.19	2.10-1.90 pm	4.05
Canada†	85.01-85.10	85.07-85.10	0.03-0.01c pm	2.82	0.18-0.15 pm	0.77
Nethlnd.	2.0927-2.0950	2.0930-2.0950	0.50-0.40c pm	2.58	1.00-0.90 pm	1.81
Belgium	30.70-30.72½	30.71-30.72½	6-5c pm	2.15	8-6 pm	0.91
Denmark	5.5085-5.5140	5.5115-5.5140	0.25-0.35ore dis	−0.65	1.50-2.00dis	−1.27
W. Ger.	1.9108-1.9127	1.9117-1.9127	0.87-0.77pf pm	5.14	2.06-1.96 pm	4.20
Portugal	49.60-49.90	49.80-49.90	35-45c dis	−9.62	90-130 dis	−8.83
Spain	66.12-66.15	66.13-66.15	5-15c dis	−1.81	32-42 dis	−2.24
Italy	853.30-853.70	853.30-853.70	0.75-1.25lire dis	−1.41	4.00-4.75dis	−2.05
Norway	5.2025-5.2055	5.2025-5.2040	0.80-0.30ore pm	1.27	2.05-1.65 pm	1.42
France	4.4210-4.4240	4.4225-4.4240	0.15-0.5c pm	0.27	0.60-0.80dis	−0.63
Sweden	4.3870-4.3900	4.3870-4.3895	0.95-0.75ore pm	2.32	1.65-1.45 pm	1.41
Japan	218.70-219.00	218.70-218.90	1.10-1.00y pm	5.76	2.72-2.62 pm	4.88
Austria	14.0840-14.0950	14.0900-14.0950	5.20-4.70gro pm	4.21	13.5-12.0 pm	3.62
Switz.	1.7291-1.7325	1.7315-1.7325	1.33-1.28c pm	9.04	3.64-3.54 pm	8.29

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

June 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.613119	0.637337
U.S. $	9½	1.26793	1.31801
Canadian $	11¼	1.49007	1.54893
Austria Sch.	3¾	17.8588	18.5642
Belgian F	8	38.9540	40.5092
Danish K	8	6.99327	7.27314
D mark	4	2.42339	2.53031
Guilder	6½	2.65441	2.76018
French Fr	9½	5.61059	5.83287
Lira	10½	1082.50	1125.58
Yen	4¼	278.881	289.924
Nrwgn K	7	6.58943	6.84972
Spanish Pes	8	83.8756	87.1668
Swedish Kr	6½	5.55670	5.77659
Swiss Fr	1	2.19212	2.28016

CURRENCY MOVEMENTS

June 11	Bank of England Index	Morgan Guaranty changes %
Sterling	67.5	−37.0
U.S. dollar	86.9	−6.7
Canadian dollar	80.8	−17.1
Austrian schilling	144.6	+19.5
Belgian franc	112.4	+18.7
Danish kroner	117.3	+3.2
Deutsche Mark	149.3	+41.5
Swiss franc	192.9	+80.1
Guilder	122.9	+18.7
French franc	98.1	−5.4
Lira	54.6	−48.9
Yen	132.8	+31.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

June 11	£	$		Note Rates
Argentina Peso	2650-2650	1271-1281	Austria	28.70-29.70
Australia Dollar	1.8610-1.8710	0.8995-0.9045	Belgium	65.66½
Brazil Cruzeiro	52.85-53.35	25.50-25.80	Denmark	11.35-11.45
Finland Markka	8.2575-8.2675	3.9980-4.0000	France	9.10-9.20
Greek Drachma	n.a.	n.a.	Germany	3.90-3.99
Hong Kong Dollar	10.565-10.605	5.1290-5.1320	Italy	1,740-1,780
Iran Rial	157-151	72½-73½	Japan	454-464
Kuwait Dinar (KD)	0.569-0.579	0.2785-0.2786	Netherlands	4.25-4.35
Luxembourg Frc.	63.50-63.60	30.71-30.73	Norway	10.68-10.78
Malaysia Dollar	4.5715-4.5815	2.2185-2.2195	Portugal	100-105
New Zealand Dlr.	1.9745-1.9845	0.9545-0.9595	Spain	135¼-138¼
Saudi Arab. Riyal	6.95-7.05	3.4000-3.4010	Switzerland	3.55-3.65
Singapore Dollar	4.5480-4.5580	2.2015-2.2025	United States	2.065-2.075
Sth. African Rand	1.74-1.75	0.8410-0.8460	Yugoslavia	41-43

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4748	+2.58	+1.78	±1.53
Danish Krone	7.08592	7.26287	+2.49	+1.68	±1.635
German D-Mark	2.51064	2.52061	+0.40	−0.42	±1.1325
French Franc	5.79831	5.83201	+0.58	−0.24	±1.35
Dutch Guilder	2.72077	2.76035	+1.45	+0.64	±1.5075
Irish Punt	0.662638	0.667833	+0.78	−0.03	±1.665
Italian Lira	1148.15	1125.35	−1.99	−1.99	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.069	3.959	452.5	9.153	3.586	4.335	1766.	2.431	63.55
U.S. Dollar	0.483	1.	1.914	218.7	4.424	1.733	2.095	853.5	1.175	30.72
Deutschemark	0.253	0.523	1.	114.3	2.312	0.906	1.095	446.0	0.614	16.05
Japanese Yen 1,000	2.210	4.572	8.749	1000.	20.23	7.925	9.580	3902.	5.372	140.4
French Franc 10	1.093	2.260	4.325	494.4	10.	3.917	4.736	1929.	2.656	69.43
Swiss Franc	0.279	0.577	1.104	126.2	2.553	1.	1.209	492.5	0.678	17.73
Dutch Guilder	0.231	0.477	0.913	104.4	2.111	0.827	1.	407.3	0.561	14.66
Italian Lira 1,000	0.566	1.172	2.242	256.3	5.183	2.030	2.455	1000.	1.377	35.99
Canadian Dollar	0.411	0.851	1.628	186.1	3.765	1.475	1.783	726.3	1.	26.14
Belgian Franc 100	1.574	3.255	6.229	712.0	14.40	5.641	6.821	2779.	3.825	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.25-10.35 per cent; six months 10.25-10.35 per cent, one year 9.95-10.05 per cent.

June 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¾-12	10⅛-10⅜	9½-10½	7½-8	1½-1½	5¼-5½	8½-8¾	9-10	—	4¾-5½
7 days' notice	11⅞-12⅛	10¼-10½	9½-10½	7½-8	1½-1⅞	5[illegible]-5[illegible]	8¼-8¾	10-11	10[illegible]-10[illegible]	3[illegible]-5¼
Month	11⅝-11⅞	10¾-11⅛	10¾-11¼	8[illegible]-8[illegible]	1½-2	5⅝-5¾	10⅝-11	12-15	10[illegible]-11[illegible]	4[illegible]-5[illegible]
Three months	11⅞-12⅛	10[illegible]-10[illegible]	10¾-11[illegible]	8[illegible]-8[illegible]	2-2½	6-6⅛	11-11⅛	12½-13½	10⅝-10½	5⅜-5⅞
Six months	12[illegible]-12[illegible]	10¼-10[illegible]	10¾-11[illegible]	8[illegible]-9[illegible]	2[illegible]-2[illegible]	6⅝-6[illegible]	11½-11⅝	13-14	10[illegible]-10[illegible]	5[illegible]-6[illegible]
One year	11¾-12	10⅛-10⅜	10[illegible]-10[illegible]	8[illegible]-9[illegible]	2[illegible]-2[illegible]	6[illegible]-7[illegible]	11¼-11⅝	13½-14½	10¼-10⅝	6[illegible]-6[illegible]

Long term Eurodollar deposits: two years 9[illegible]-10[illegible] per cent; three years 9⅞-10 per cent; four years 9[illegible]-9[illegible] per cent; five years 9¾-9⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. rates mixed

New York interest rates were mixed yesterday, amid speculation that yields may have moved up rather too quickly over the past few weeks. Yields on 13-week Treasury bills fell to 9.19 per cent from 9.25 per cent in early trading, and to 9.19 per cent from 9.22 per cent on 26-week bills. Federal funds were firmer, however, rising to 10⅛-10¼ per cent in the morning from 10 and 10¼ per cent in early business on Friday.

FRANKFURT — Interbank short-term money rates were generally firmer, with call money rising to 5.60-5.70 per cent from 5.55-5.60 per cent. One-month was quoted at 5.80-6.25 per cent, compared with 5.55-5.75 per cent on Friday; three-month at 6.60-6.75 per cent, compared with 6.60-6.70 per cent; six-month at 7.00-7.20 per cent, compared with 7.00-7.10 per cent; and 12-month at 7.30-7.50 per cent, compared with 7.30-7.50 per cent.

AMSTERDAM — Call money was unchanged at 7½-8 per cent, while one-month rose to 8½-8¾ per cent from 8½-8⅝ per cent; and three-month to 8⅝-8¾ per cent from 8½-8¾ per cent. Six-month money was unchanged at 9½-9¾ per cent.

PARIS — Day-to-day money eased to 9⅞ per cent from 8 per cent, and one-month to 8⅝-8¾ per cent from 8⅝-8¾ per cent. Three-month funds were quoted at 8⅞-8¾ per cent, compared with 8⅞-8¾ per cent; and six-month at 8⅞-9⅛ per cent compared with 9-9⅛ per cent. 12-month money was unchanged at 9½-9⅝ per cent.

BRUSSELS—Call money was 6½-7½ per cent; one-month 8⅞-8¾ per cent; three-month, six-month and 12-month 9½-9½ per cent.

HONG KONG — The money market was easy in the morning and tight in the afternoon, with call money at 12½ per cent, and overnight at 12 per cent.

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance by buying a moderate number of Treasury bills from the discount houses, and a small amount of local authority bills.

Banks carried over small run down balances from Friday, there was a small net take-up of Treasury bills to finance, and the market was also faced with a small surplus of revenue payments to the Exchequer over Government disbursements.

Discount houses paid 11-11½ per cent for secured call loans at the start, with closing balances taken at 9-10½ per cent.

In the interbank market overnight loans opened at 11½-11¾ per cent, and ranged between 10½ per cent and 11¾ per cent, before falling to 9-9½ per cent in the afternoon, and closing at 11-11½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 11 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9-11½	—	—	—	11½	9-11	—	—	—
2 days notice	—	—	11¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅝-11⅝	11⅝-11⅞	—	12	11⅝	10⅞-11	—	—	—
One month	11⅞-11⅝	11⅝-11⅞	11⅝-11⅝	12⅛-12	12¼	12¼	11⅝-11⅝	11[illegible]-11[illegible]	11[illegible]-11[illegible]	12¼
Two months	12-11⅞	11⅞-11⅞	—	12¼-11⅞	12[illegible]	—	11¾	11[illegible]-11[illegible]	11[illegible]-11[illegible]	12½
Three months	12⅛-11⅞	11[illegible]-12	11⅞-11⅞	12-11⅞	12[illegible]	12⅛	11½	11[illegible]-11[illegible]	11[illegible]-11[illegible]	12⅛
Six months	11[illegible]-11[illegible]	11⅞-12	11⅝-11⅞	12[illegible]-11[illegible]	12[illegible]	—	—	—	11[illegible]-11[illegible]	12
Nine months	11[illegible]-11[illegible]	11⅞-11[illegible]	—	11[illegible]-11[illegible]	12[illegible]	—	—	—	—	—
One year	11[illegible]-11[illegible]	11[illegible]-11[illegible]	11[illegible]-11[illegible]	11[illegible]-11[illegible]	12[illegible]	—	—	—	—	—
Two years	—	—	11⅞-12	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12-12⅛ per cent; four years 12⅛-12⅜ per cent; five years 12⅜-12½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅞ per cent; four-months trade bills 12½ per cent.

Approximate selling rate for one-month Treasury bills 11[illegible]-11⅝ per cent; two-months 11[illegible]-11⅝ per cent; three-month 11[illegible]-11[illegible] per cent. Approximate selling rate for one-month bank bills 11⅝-11[illegible] per cent; two-month 11⅝-11[illegible] per cent; and three-month 11⅞ per cent; one-month trade bills 12½ per cent; two-month 12⅛ per cent; and three-month 12[illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from June 1, 1979. **Clearing Bank Deposit Rates** for small sums at seven days notice 9-9½ per cent. **Clearing Bank Rates** for lending 12 per cent. **Treasury Bills:** Average tender rates of discount 11.4200 per cent.

GOLD

Record level

Gold continued to improve in the London bullion market yesterday and reached a record closing level of $281¾-282¼, a rise of $2¼ an ounce. Trading was somewhat relaxed with continued fears over inflation and oil prices prompting the demand. At one point during the day, the metal touched an all time high of $282¾-283¾ after an opening level of $282-283¾.

	June 11	June 8
Gold Bullion (fine ounce)		
Close	$281¾-282¼ (£136.2-136.6)	$279½-280 (£135.4-135.6)
Opening	$282-282¾ (£136.5-137.2)	$276½-277½ (£133.8-134.2)
Morning fixing	$282.40 (£136.639)	$277.40 (£134.146)
Afternoon fixing	$282.35 (£136.556)	$280.00 (£135.155)
Gold Coins, domestically		
Krugerrand	$298½-302½ (£144-146)	$294½-296½ (£142-143)
New Sovereigns	$76½-78½ (£37-38)	$75½-77½ (£36½-37½)
Old Sovereigns	$87½-89½ (£42½-43½)	$86½-88½ (£42-43)
Gold Coins, internationally		
Krugerrand	$290½-292½ (£140½-141½)	$288-290 (£139½-140½)
New Sovereigns	$72½-74½ (£35½-36¼)	$71½-73½ (£34½-35½)
Old Sovereigns	$92-94 (£44½-45½)	$91½-93½ (£44½-45½)
$20 Eagles	$422-427	$419-424
$10 Eagles	$230-235	$209-214
$5 Eagles	$156-161	$157-163

In Paris the 12½ kilo bar was fixed at FFr 41,900 per kilo ($294.56 per ounce) compared with FFr 1,980 ($295.41) in the morning and FFr 41,610 ($292.47) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,325 per kilo ($281.86 per ounce) against DM 17,119 ($278.49) previously.

MONEY RATES

NEW YORK	
Prime Rate	11.75
Fed Funds	10.3125
Treasury Bills (13-week)	9.19
Treasury Bills (26-week)	9.19
GERMANY	
Discount Rate	4
Overnight Rate	5.65
One month	6.10
Three months	6.675
Six months	7.10
FRANCE	
Discount Rate	9.5
Overnight Rate	7.875
One month	8.3125
Three months	8.6875
Six months	9.00
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.125
Bills Discount (three-month)	5.75

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 11, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; sg selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	91.00
Albania	Lek	10.072
Algeria	Dinar	7.9312
Andorra	French Franc	9.1525
	Spanish Peseta	136.80
Angola	Kwanza	60.118
Antigua (S)	E. Caribbean $	5.5909
Argentina	Ar. Peso Free Rate	
Australia (S)	Australian $	1.8660
Austria	Schilling	29.155
Azores	Portug. Escudo	103.05
Bahamas (S)	Ba. Dollar	2.0688
Bangladesh (S)	Taka	32.80 (sg)
Bahrain (S)	Dinar	0.795
Balearic Isles	Spa. Peseta	136.80
Barbados (S)	Barbados $††	4.1376
Belgium	B. Franc	(cm) 63.55
		(fn) 65.80
Belize	B $	4.1376
Benin	C.F.A. Franc	457½
Bermuda (S)	Bda $	2.0688
Bhutan	Indian Rupee	16.8355 (sg)
Bolivia	Bolivian Peso	41.376
Botswana (S)	Pula	1.7133
Brazil	Cruzeiro	52.83
Brit. Virgin Isles (S)	U.S. $	2.0688
Brunei (S)	Brunei $	4.5530
Bulgaria	Lev	1.7930
Burma	Kyat	13.917
Burundi	Burundi Franc	186.095
Cameroon Republic	C.F.A. Franc	457½
Canada	Canadian $	2.4310
Canary Islands	Spanish Peseta	136.80
Cape Verde Isle.	Cape V. Escudo	75.5319
Cayman Islands (S)	Cay. Is. $	1.724
Cent. African Rep.	C.F.A. Franc	457½
Chad	C.F.A. Franc	457½
Chile	C. Peso	(Bk) 75.31
China	Renminbi Yuan	3.2825
Colombia	C. Peso	(F) 87.82
Comoro Islands	C.F.A. Franc	457½
Congo (Brazzaville)	C.F.A. Franc	457½
Costa Rica	Colon	17.7917
Cuba	Cuban Peso	1.4876
Cyprus (S)	Cyprus £	0.7530
Czechoslovakia	Koruna	(com) 11.15
		(nc) 22.18
		(T) 18.73
Denmark	Danish Krone	11.4125
Djibouti	Fr.	344.243
Dominica (S)	E. Caribbean $	5.5909
Dominican Repub.	Dominican Peso	2.0688
Ecuador	Sucre	(O) 51.56
		(F) 58.54
Egypt	Egyptian £	(U) 1.4025
Equatorial Guinea	Peseta	136.80
Ethiopia	Ethiopian Birr	(P) 4.2875
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.4125
Fiji Islands	Fiji $	1.7405
Finland	Markka	8.2625
France	French Franc	9.1525
French C'ty in Af.*	C.F.A. Franc	457½
French Guiana	Local Franc	9.1525
French Pacific Is.	C.F.P. Franc	166.41
Gabon	C.F.A. Franc	457½
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	3.95875
Germany (West)	Deutsche Mark	3.95875
Ghana (S)	Cedi	5.88 (sg)
Gibraltar (S)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.8660
Greece	Drachma	N.A.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	11.4125
Grenada (S)	E. Caribbean $	5.5909
Guadaloupe	Local Franc	9.1525
Guam	U.S. $	2.0688
Guatemala	Quetzal	2.0688
Guinea Republic	Sily	40.52
Guinea Bissau	Peso	71.977
Guyana (S)	Guyanese $	5.2754
Haiti	Gourd	10.344
Honduras Repub.	Lempira	4.15
Hong Kong (S)	H.K. $	10.595
Hungary	Forint	(com) 73.61
		(T) 43.06
Iceland (S)	I. Krona	701.0
India (S)	Ind. Rupee	16.8356
Indonesia	Rupiah	1,295
Iran	Rial	144.0
Iraq	Iraq Dinar	0.6089
Irish Republic (k)	Irish £	1.0465
Israel	Israel £	50.45
Italy	Lira	1,765.75
Ivory Coast	C.F.A. Franc	457½
Jamaica (S)	Jamaica Dollar	3.6897
Japan	Yen	453.5
Jordan (S)	Jordan Dinar	0.628 (sg)
Kampuchea	Riel	2482.6
Kenya (S)	Kenya Shilling	15.70
Korea (Nth)	Won	1.94
Korea (Sth)	Won	990.7
Kuwait (S)	Kuwait Dina	0.574
Laos	Kip Pot Po	827.5
Lebanon	Lebanese £	6.698
Lesotho	S. African Rand	1.746
Liberia	Liberian $	2.0688
Libya	Libyan Dinar	0.6125
Liechtenstein	Swiss Franc	3.585
Luxembourg	Lux Franc	63.55
Macao	Pataca	10.9853
Madeira	Portug'se Escudo	103.05
Malagasy Republic	MG Franc	457½
Malawi (S)	Kwacha	1.710
Malaysia (S)	Ringgit	4.5765
Maldive Islands (S)	Mal Rupee	8.13
Mali Republic	Mali Franc	915.25
Malta (S)	Maltese £	0.7625
Martinique	Local Franc	9.1525
Mauritania	Ouguiya	91.679
Mauritius (S)	M. Rupee	12.601
Mexico	Mexican Peso	47.17
Miquelon	C.F.A. Franc	457½
Monaco	French Franc	9.1525
Mongolia	Tugrik	(O) 6.950
Montserrat	E. Caribbean $	5.5909
Morocco	Dirham	8.16 (sg)
Mozambique	Moz. Escudo	65.096
Nauru	Australian Dollar	1.8660
Nepal	Nepalese Rupee	24.826
Netherlands	Guilder	4.335
Netherland Antilles	Antillian Guilder	3.7031
New Hebrides	Franc	147.92
	Aust. Dollar	1.8660
New Zealand (S)	N. Z. Dollar	1.9795
Nicaragua	Cordoba	20.67
Niger Republic	C. F. A. Franc	457½
Nigeria (S)	Naira	1.2705 (sg)
Norway	Norway Krone	10.765
Oman Sultanate of (S)	Rial Omani	0.713
Pakistan	Pakistan Rupee	20.53
Panama	Balboa	2.0688
Papua N. Guinea (S)	Kina	1.4886
Paraguay	Guarani	257.71

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7064
Peru	Sol	exc.A 457.29
Philippines	Philippine Peso	15.265
Pitcairn Islands (S)	£ Sterling	
	New Zealand $	1.9795
Poland	Zloty	(Cm) 63.38
		(T) 63.38
Portugal	Portug'se Escudo	103.05
Port Timor	Timor Escudo	103.05
Principe Islands	Portug'se Escudo	103.05
Puerto Rico	U.S. $	2.0688
Qatar (S)	Qatar Ryal	7.76
Reunion Ile de la	French Franc	9.1525
Rhodesia	Rhodesian $	1.4347
Romania	Leu	(Cm) 9.07
		(c) T24.35
Rwanda	Rwanda Franc	189.43
St. Christopher (S)	E. Caribbean $	5.5909
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.5909
St. Pierre	C.F.A. Franc	457½
St. Vincent (S)	E. Caribbean $	5.5909
Salvador El	Colon	5.16
Samoa American	U.S. $	2.0688
San Marino	Italian Lire	1,765.75
Sao Tome	Portugese Escudo	103.05
Saudi Arabia	Ryal	7.01
Senegal	C.F.A. Franc	457½
Seychelles	S. Rupee	13.38
Sierra Leone (S)	Leone	2.230
Singapore (S)	Singapore $	4.5530
Solomon Islands (S)	Solomon Is. $	1.8729
Somali Republic	Somali Shilling	(A) 13.025
South Africa (S)	Rand	1.745
South West African Territories (S)	S. A. Rand	1.745
Spain	Peseta	136.80
Spanish ports in North Africa	Peseta	136.80
Sri Lanka (S)	S. L. Rupee	32.00
Sudan Republic	Sudan £	(A) 0.8275
Surinam	S. Guilder	3.7031
Swaziland (S)	Lilangeni	1.745
Sweden	S. Krona	9.03
Switzerland	Swiss Franc	3.585
Syria	Syria £	(A) 8.120
Taiwan	New Taiwan	(P) 74.477
Tanzania (S)	Tan. Shilling	16.86
Thailand	Baht	41.63
Togo Republic	C.F.A. Franc	457½
Tonga Islands (S)	Pa'anga	1.8729
Trinidad (S)	Trinidad & Tob'o $	4.9651
Tunisia	Tunisian Dinar	0.842 (sg)
Turkey	Turkish Lira	50.10
Turks & Caicos	U.S. $	2.0688
Tuvalu	Australian $	1.8660
Uganda (S)	Uganda Shilling	n.a.
United States	U.S. Dollar	2.0688
Uruguay	Uruguay Peso	(cm) 10.06
		(fn) 10.07
Utd. Arab Emirates	U.A.E. Dirham	7.92
U.S.S.R.	Rouble	1.3735
Upper Volta	C.F.A. Franc	457½
Vatican	Italian Lire	1765.75
Venezuela	Bolivar	8.86
Vietnam	Dong	(O) 4.5099
		(T) 4.0701
Virgin Islands U.S.	U.S. Dollar	2.0688
Western Samoa (S)	Samoan Tala	1.510
Yemen	Ryal	9.35 (sg)
Yugoslavia	New Y Dinar	39.4155
Zaire Republic	Zaire	3.27845
Zambia	Kwacha	1.655

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 88.89. Based on gross rates against Russian rouble. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

NORTH AMERICAN NEWS

Dart sells stake in joint venture

HOUSTON—El Paso has agreed in principle to acquire the interest in a joint venture owned by Dart Industries for $118m, plus one-half of the joint venture working capital.

The joint venture business, which makes olefins and polyolefins, was developed by El Paso's chemical subsidiary, El Paso Products, and Dart in 1960.

El Paso will pay Dart about $20m for the cost of one-half of the working capital of the joint venture.

Dart said its portion of 1978 sales from the operation was $96m, with $13m in pre-tax earnings.

The acquisition includes Dart's interest in Consolidated Thermoplastics, a maker of plastic film.

El Paso will acquire Dart's interest in Consolidated Thermoplastics and 90 per cent of Dart's interest in the joint venture. Within five years, El Paso will acquire Dart's remaining interest in the joint venture. Reuter

Lamson bids for Midsco

CLEVELAND — Lamson and Sessions Company has agreed to acquire Midsco Inc. through an exchange of stock, Lamson announced.

Under the terms of the agreement, each of Midsco's 10,000 outstanding common shares would be converted into 75 Lamson and Sessions shares for a total of 750,000 shares.

Lamson and Session's stock is currently trading at 24½, up ⅛, giving the 750,000 shares a value of $18.4m. Reuter

Cyclops forecast

Sales and earnings of Cyclops Corporation for the second quarter are expected to be approximately the same as or slightly below results for the comparable 1978 quarter, Reuter reports from Pittsburgh. In the 1978 quarter, the company earned $7.4m or $2.17 a share, adjusted for a three-for-two stock split in January 1979. Cyclops said results were adversely affected by the truckers' strike this April. Results for the first six months of this year are expected to exceed substantially those of the year earlier period, when the company earned $8m or $2.31 a share.

Paccar bids for Harnischfeger

BY STEWART FLEMING IN NEW YORK

PACCAR, a leading heavy truck and construction equipment producer, is seeking to broaden the base of its mining equipment division through a $178m takeover bid for Harnischfeger, whose main products include cranes and electric shovels used in the mining industry.

There has been speculation about a bid for Harnischfeger for several months. The company, which last year reported sales revenues of $481m, has been suffering from steadily falling earnings for the past three years and reported a loss in the first quarter of 1979. Profits peaked in 1975 at $23.5m or $3.23 a share, and last year had fallen to $17.7m or $2.01 a share. One of the main problems has been in Harnischfeger's German subsidiary which, analysts say, is being reduced in scale because of difficult export market conditions.

Analysts who follow the company suggest that it has not been managed in an aggressive profit-orientated way and that Paccar, which has been growing strongly for the past four years, must be convinced that it can significantly improve Harnischfeger's performance.

The most attractive part of Harnischfeger to Paccar, according to share analysts who follow both companies, is its mining equipment operation, which includes the production of electric shovels for metals mining and, more recently, surface coal mining. Mining equipment is estimated to account for about $120m of Harnischfeger's sales. Its main competitors are Bucyrus-Erie and a division of Dresser Industries.

With mining activity expected to expand, particularly in the coal industry, analysts suggest that this business has growth prospects and that Paccar might be able to put in the additional capital which Harnischfeger cannot afford because of its current financial position.

Paccar itself also makes trucks for the mining industry so it would benefit by being able to offer a broader range of equipment through its existing mining industry sales and service operations.

Harnischfeger's construction equipment division, which accounts for around $245m of sales, analysts say, is seen as a less attractive business, particularly the crane manufacturing operation, but one which Paccar may be able to rejuvenate.

Paccar itself last year had sales of $1.5bn and reported profits of $87m or $10.51 a share. It proposes to offer $20 a share for Harnischfeger's 8.9m shares, valuing the company at a little under 10 times last year's earnings. But the company's profits are forecast by share analysts to decline further in 1979 following the first quarter loss. Paccar's shares have been trading around $53 recently, or five times last year's earnings.

So far, Harnischfeger has given no indication of what its response to the Paccar offer will be, and it is at least possible that the company's board will seek a higher bid. Paccar's tender offer, which cannot commence until July 2 is conditional on a minimum of 4.2m shares being tendered.

Court refuses to hear claim by Occidental

WASHINGTON—The Supreme Court refused to hear a claim by a unit of Occidental Petroleum Corporation that other U.S. oil companies illegally confiscated certain Persian Gulf oil that belonged to Occidental.

The Court let stand a Lower Court decision to dismiss Occidental's claim on the ground that the dispute involved a "political question."

The case in which, Occidental said, "hundreds of millions of dollars" are at stake, began in 1974 when Occidental sought to attach three cargoes of oil that arrived at a Louisiana port from an oil-rich field in the south-eastern part of the Persian Gulf.

Occidental's subsidiary, Occidental of Umm al Quaywayn, maintains that it acquired a concession in 1969 to explore and exploit the field from the Sheikdom of Umm al Qaywayn, one of the "trucial sheikdoms" now known as the United Arab Emirates.

However, Buttes Gas and Oil contends that it also received a concession in 1969 for the same field from the neighbouring Trucial Sheikdom of Sharjah. The Buttes concession was assented to in 1971 by Iran.

Buttes began drilling operations in April 1972 and later sold interests in its concession to subsidiaries of Ashland Oil, Kerr-McGee Corporation, Skelly Oil and Cities Service Oil. Occidental is disputing the right of all other companies to the oil. AP-DJ

European-U.S. trading group

BY OUR NEW YORK CORRESPONDENT

A GROUP of European and U.S. farm co-operatives are to take a 50 per cent stake in a new international farm commodity trading company, Alfred C. Toepfer International. The remaining 50 per cent stake will be held by Alfred C. Toepfer itself, a leading German-based grain and farm commodity trading company.

Few details of the deal are being released at present, but it is understood that the farm co-operatives involved see the new company partly as an opportunity to become directly involved in the often highly profitable, but also risky, grain trading business which has hitherto been dominated by private businesses such as Cargill and Continental Grain.

Some of the U.S. farm co-operatives involved also see participation in the new company as offering improved opportunities for exporting.

The European co-operatives involved are: Cebeco of Rotterdam; DRWZ of Frankfurt; CIG Verwaltungs-Gesellschaft of Duisburg; and Uncac of Paris.

The U.S. co-operatives are: Agway of Syracuse, New York; Citrus World of Florida; Land O'Lakes of Minneapolis; Landmark of Columbus, Ohio; Gold Kist of Georgia and the Indiana Farm Bureau Co-operative Association.

Toepfer stated that the present business relationships with private companies in trading and processing activities will be continued. The venture will source grains and other commodities worldwide with the intention of serving all customer interests with competitively priced, reliably supplied products.

The co-operatives are involved in the agricultural merchandising, food processing and farm supply business and represent both producers and end users of grain, oilseed products, meats and other commodities. Other co-operatives may participate in the enterprise.

Amdahl forecasts fall in profits for current year

SUNNYVALE—Amdahl Corporation, the computer company, expects to break even in the second fiscal quarter ending June 29.

In the 1978 second fiscal quarter, Amdahl earned $11m or 66 cents a share on $73.9m in revenues.

The company also said that net income for the full 1979 year will be materially below 1978, if the current high lease/sales ratio continues.

In fiscal 1978 the company earned $48.2m or $2.81 a share on $320.9m in revenues.

Although it expects shipments for the 1979 second quarter to equal or exceed those of any previous quarter in its history, Amdahl said it is also experiencing a lease/sales ratio which is "substantially higher than any prior period and above management's expectations."

The company also said that although the higher lease/sales ratio adversely affects current financial results, the deferment of revenue and income will benefit future periods. Reuter

Quebec offer for Asbestos

THETFORD MINES — Mr. Jacques Parizeau, the Quebec Finance Minister, said that Quebec has made a last offer to buy Asbestos Corporation and expects an answer from the controlling shareholder, General Dynamics Corporation of the U.S., by the end of the month.

He said both the Government and officials of General Dynamics, which holds 54.6 per cent of Asbestos Corporation, find the proposals "interesting," but he would not disclose details.

Speaking at a conference on economic development, Mr. Parizeau said a Bill giving Quebec the power to expropriate Asbestos Corporation will be passed by June 21, when the Quebec Legislature recesses for the summer. Reuter

AT & T asks for secrecy of pre-trial data

ST. LOUIS — American Telephone and Telegraph is seeking to keep private pre-trial hearing information disclosed in an anti-trust suit filed against it in Federal District Court here.

However, the plaintiff, Diversified Industries, is resisting the attempt.

Last October, Diversified Industries sued AT and T, Western Electric, an AT and T subsidiary, and Nassau Recycling Corporation, a Western Electric subsidiary, seeking $300m. The suit alleged that the defendants conspired to force Diversified Industries out of the scrap-chopping business, and monopolised interstate trade and commerce in the U.S. wire-chopping industry.

Court records disclose that on May 31, AT and T and the other two defendants asked for a protective order arguing that "confidential research, development and commercial information" would be disclosed in pre-trial hearings. AP-DJ

Citicorp court action fails

WASHINGTON — The Supreme Court has allowed to stand a ruling that the Federal Reserve Board acted properly in refusing permission for Citicorp to retain ownership of Advance Mortgage Corporation.

The Court refused to hear Citicorp's arguments that the Fed had failed to act within the required 91 days on the bank holding company's application to retain the mortgage banking firm, and that the application was therefore automatically granted. AP-DJ

Canada delays Detroit Bridge takeover

DETROIT — Detroit International Bridge Company said that the Canadian Government has begun proceedings in a Federal Court in Canada to prevent Fallbridge Holdings and Central Cartage from completing the previously proposed takeover of Detroit Bridge until July 30 or until Canada's Foreign Investment Review Agency approves the transaction.

Fallbridge and Central Cartage said that they believe the transaction is not subject to review by the Canadian agency, and that they intend to oppose the motion at a hearing scheduled for next Monday. They said a special holders' meeting will be held on July 3 or "shortly thereafter" to vote on the proposed sale of Detroit Bridge's assets to Fallbridge and the merger of Detroit Bridge into Central Cartage.

Fallbridge, a closely held Toronto concern, and Central Cartage a Detroit trucking company, together hold 49.5 per cent of Detroit Bridge. AP-DJ

New merchant bank

Toronto Dominion Bank, one of the leading Canadian chartered banks, announced yesterday the establishment of a new London-based merchant bank, Toronto Dominion International Bank Ltd., writes John Evans. The new merchant bank will start business with an initial paid-up capital of £5m, and will function as a recognised bank in the UK, according to an announcement by the chairman of the parent concern, Mr. Richard M. Thomson.

Charter sees rise

The President and Chairman of Charter Company, Mr. Raymond K. Mason, yesterday predicted that earnings for the second quarter would range between $50m and $60m or $3 a share to $4.50 a share, AP-DJ reports from Jacksonville. Mr. Mason said that the increase in earnings will be due primarily to Charter's acquisition of Carey Energy Corporation last month. He estimated that sales for the quarter will be about $1bn. In the 1978 second quarter, Charter earned $4.6m or 22 cents a share on revenue of $517m.

Vornado meeting

VORNADO has further adjourned its annual meeting of shareholders to June 22 from today, Agencies report from New York. The company said the results of the vote on directors at its annual meeting on May 22 are not yet available. Vornado is currently involved in a proxy fight with Interstate Properties, which seeks to elect three directors to Vornado's board.

EUROBONDS

Market eases amid new issue build-up

BY JOHN EVANS

EURODOLLAR bonds were slightly easier in places yesterday, amid further signs of a rapid build-up in the new issue calendar.

Orient Leasing (Caribbean) NV is floating a $25m seven-year note issue with a 9½ per cent coupon. A syndicate led by Daiwa Europe is handling the issue.

The notes are jointly and severally guaranteed by Orient Leasing Co., the major Japanese leasing concern, and Sanwa Bank. Pricing is likely to be at a small discount.

Elsewhere, Iberpistas, the Spanish highway authority, is to offer $18m of seven-year floating rate serial notes, via Smith Barney.

The notes will be set ⅝ percentage points above six-month interbank rates, with a minimum coupon of 7 per cent. The notes are secured by a mortgage on a section of highway.

Meanwhile, a further large U.S. corporate issue is being rumoured as imminent as well as a major EEC issue.

Investment demand for dollar issues, however, was slow yesterday. Some dealers said the pace of the market's rally over the past two weeks, reducing yields on quality paper to the 9.25 to 9.30 per cent range, has tended to dampen investor interest.

Among latest offerings, however, the $35m of Gulf and Western bonds were receiving a good reception.

In the grey market, where issues are quoted before formal signing, the bonds were being indicated at less 1½ to less 1. Manager Kidder Peabody has already indicated that the five year issue, bearing 9⅞ per cent will be priced within a range of 99 to par.

In Swiss francs, the Spanish highway agency, Aumar Autopistas del Mare Nostrum, intends to offer for public subscription a SwFr 60m 5 per cent issue, according to Union Bank of Switzerland, the issuing consortium leader.

The ten-year bonds are guaranteed by the Kingdom of Spain and the issue price will be set on June 15. In the Deutsche-Mark foreign bond market, activity was limited yesterday, with few price movements.

Inflation continues to hit corporate buying power

BY OUR FINANCIAL STAFF

CORPORATE purchasing power available last year for additions to plant and equipment in the U.S. was down by more than a third from the 1960s, after adjusting for inflation, according to The Conference Board.

Companies had $26.3bn left from their profits in 1978 after paying taxes and dividends and covering the replacement cost of inventories used and capital goods currently wearing out. Available funds were $28.7bn in 1977 and averaged $20.5bn per year in the 1960s.

But inflation has taken its toll. In 1972 dollars, last year's retained earnings were only $16.6bn, compared with $19.6bn in 1977 and an annual average of $26.7bn in the 1960s.

While company profits before taxes had a book value of $202bn in 1978, this figure is misleading, according to Ms Lora Collins, director of business conditions analysis at The Conference Board.

"Traditional bookkeeping methods and the tax laws calculate the depreciation of fixed assets by their historical cost rather than their replacement cost," she points out. "Also, many accounting methods charge for used-up inventories at acquisition rather than replacement cost. In an inflationary period, these practices keep reported costs down and swell reported profits. The underdepreciation and under-costing of inventories together accounted for $42bn of last year's reported book profits."

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on June 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alex Howden XW 9½ 91	30	88½	89	−0⅛	0	11.25
Avco O/S Cap. 10¼ 87	40	97¾	98¼	−0⅛	+0¼	10.63
Bayer Int. F. XW 7¾ 89	200	85⅛	85⅝	0	+0⅛	9.63
CECA 9¾ 84-99	50	95⅝	96⅛	+0½	+0⅛	9.83
Canada 9 83	400	98¾	99¼	−0⅛	+0⅛	9.49
Canada 9⅛ 98	350	97¾	98¼	0	+0½	9.70
Canadian Pacific 9¾ 89	50	99	99½	−0⅛	+0⅛	9.87
Comalco Inv. E. 10¼ 91	40	99⅞	100⅜	0	+0⅛	10.23
Dow Chem. O/S 9⅝ 94	200	99	99½	0	+0⅛	9.71
EIB 9¼ 98	125	94⅝	95⅛	+0½	+1⅛	9.95
EIB 9⅞ 86	150	100¼	100⅝	+0⅛	+0⅛	9.74
EIB 9⅞ 99	100	100⅛	100⅝	+0⅛	+0⅛	10.07
Export Dv. Con. 9.85 84	150	†101½	101⅞	0	+0½	9.66
Export Dv. Con. 9⅝ 84	100	98	98½	−0⅛	+0¼	9.71
Eksportfinans 9 86	50	96½	97	+0⅛	+0¼	9.83
Finland 9½ 86	100	98	98½	+0⅛	+0½	9.85
GTE Fin. 9½ 84	50	98⅞	99⅜	0	+0⅛	9.75
Gould Int. Fin. 9¾ 85	50	99¾	100¼	0	+0¼	9.73
Hospital O/S 9 83	25	96⅞	97⅛	0	−0⅛	9.87
Hudson Bay Co. 10 94	50	101⅜	101⅞	−0⅛	+0⅛	9.79
Itel Finance 9⅝ 90	30	92⅛	92⅝	−0⅛	−0⅛	10.94
Itel Finance 10½ 93	40	95¼	95¾	−0⅛	−0⅛	11.14
ITT Antilles 9½ 89	75	98	98½	0	+0¼	9.78
Manitoba 9½ 89	75	97⅝	98⅛	+0⅛	+0⅛	9.79
New Brunswick 9¾ 94	75	98½	99	0	+0⅛	9.90
Newfoundland 10 94	50	100⅞	101¼	0	0	9.86
Norsk Hydro 9⅝ 94	50	95⅞	96¼	−0⅛	+0⅛	9.76
Norway 9¾ 84	150	101	101½	0	+0½	9.63
Norway 9½ 84	150	99¼	99¾	−0⅛	+0½	9.62
Nova Scotia Pwr. 9¾ 89	50	98½	99	0	+0¼	9.96
Occidental Fin. 10¾ 84	50	99½	100	+0¼	+0⅞	10.31
Pennwalt O/S F. 9¾ 84	25	99	99½	—	—	9.95
Portland 10 84	50	98	98½	−0⅛	+0¼	10.46
Quebec Hydro 10 99	75	97	97½	+0⅛	+0¼	10.33
Redland Fin. XW 9½ 91	25	92⅞	93⅜	+0½	+0⅛	10.53
Sears Roebuck 9 82	150	98½	99	−0⅛	+0⅛	9.51
Stockholm 9¾ 94	60	100⅝	101⅛	+0⅛	+0⅛	9.87
Sweden 9¾ 89	100	99½	100	0	+0½	9.78
Sweden 9½ 86	200	99⅝	101⅛	+0⅛	+0⅛	9.72
U.S. Leasing Intl. 10 84	20	97⅜	97⅞	−0⅛	−0⅛	10.64

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	91⅛	91⅝	−0⅛	+0⅛	6.99
Argentina 6½ 88	150	89⅞	90⅜	0	−0½	8.03
Argentina 7½ 89	150	93⅛	93⅝	−0⅛	−0⅛	8.51
Australia 6 88	250	93⅛	93⅝	+0½	+0⅛	6.97
Austria 5¾ 90	150	86⅜	86⅞	−0⅛	−0⅛	7.53
Banco Desarrollo 7¾ 86	100	95⅛	95⅝	+0⅛	−0⅛	8.16
Barclays O'seas 6¾ 89	100	96	96½	0	−0¼	7.29
Bq. Ext. Algerie 7¾ 85	100	93⅛	93⅝	−0¼	−1½	8.83
Brazil 7⅞ 87	150	95¼	95¾	−0⅛	−0⅛	8.06
CECA 6 88	150	88	88½	−0⅛	−0⅞	7.78
CECA 7 91	150	96	96½	0	−0⅛	7.48
Copenhagen City 6 90	75	86	86½	+0⅛	−0⅛	7.86
Council of Eur. 6¾ 88	150	91	91½	−0⅛	−0⅛	7.58
Council of Eur. 7¼ 89	100	97½	98	+0⅛	−0⅛	7.58
Denmark 5¾ 85	100	†93½	94	0	−0⅛	7.15
Denmark 6½ 89	100	†93½	94	0	−0⅛	7.44
EIB 6 90	300	86¾	87¼	+0⅛	+0⅛	7.76
EIB 6½ 91	250	90¾	91¼	+0⅛	−0⅛	7.70
EIB 7½ 89	200	98½	98⅞	+0⅛	0	7.76
Eletrobras-Brazil 7 87	100	†93½	94	0	−0½	8.12
Eurofima 6½ 89	100	95¾	96¼	+0⅛	0	7.08
Finland 6 83	150	97⅛	97⅝	−0⅛	−1	6.69
Indonesia 7 84	100	96¼	96¾	−0⅛	−0⅛	7.82
Megal Fin. 7 89	150	†97⅜	97⅞	+0⅛	−0⅛	7.36
Mitsubishi Chem. 6½ 84	70	98⅞	99⅜	+0⅛	+0⅛	6.71
New Zealand 6¾ 87	200	94¾	95¼	−0⅛	−0⅛	7.12
Nippon Kokan 6½ 84	100	†98½	99	−0⅛	−0⅛	6.81
Nippon Steel 5¾ 85	100	†95⅛	95⅝	+0⅛	+0⅛	6.68
Nippon Tel. & T. 5½ 87	100	89	89½	+0⅛	+0⅛	7.38
Nordic Inv. Bk. 6½ 86	50	95	95½	−0⅛	+0⅛	7.20
Norway 6¼ 84	200	†99½	100	+0⅛	0	6.30
Occidental 6¾ 90	150	†92½	93	0	−2⅛	7.72
OKB 6½ 88	100	96⅛	96⅝	0	−1	7.03
OKB 6 87	40	†91	92	−0⅛	−0⅛	7.49
Statoil 6 88	150	90¼	90¾	+0⅛	−0⅛	7.46
Statoil 6½ 89	150	95⅛	95⅝	0	−0⅛	7.10
Tokyo Elec. Pwr. 6½ 85	200	96⅛	96⅝	+0⅛	0	7.27
UDS Group 5¾ 83	55	94¼	94¾	0	+0⅛	7.34
Venezuela 6½ 90	150	†88	88½	+0⅛	−5⅛	8.11
World Bank 6½ 88	400	90¼	90¾	−0⅛	−1⅛	7.69

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3¾ 93	40	89	90	−0⅛	−3⅛	4.60
Asian Dev. Bank 3½ 94	100	83	83½	−0⅛	−0⅞	5.15
Austria 3½ 93	250	84	84½	−1⅛	−2½	5.07
Australia 3¾ 89	250	92⅜	92⅞	−0⅛	−0⅞	4.56
Brazil 4¼ 88	100	94½	95	0	−0⅛	4.97
Canada 3¾ 89	300	92⅜	92⅞	−0⅛	−0⅛	4.56
Chase Manhattan 4 93	70	94½	95	−2	−3⅛	4.51
Council of Eur. 4¼ 90	100	91⅛	91⅞	−0⅛	−3	5.22
Bankamerica 3¾ 93	80	88⅛	88⅝	+1	−4⅞	4.81
BNDE 5 88	75	98	98½	−0½	−2	5.24
Denmark 4½ 89	100	97	97½	−1⅞	−1⅛	4.82
F. L. Smidth 4½ 89	25	†93	95	−1⅛	−4⅛	5.27
Heron 4½ 89	35	90¼	90¾	0	−1½	5.53
ICI Fin. NV 3¾ 94	250	†88½	88⅞	−0⅛	−0⅛	4.58
Malaysia 4¾ 90	80	94⅞	95⅜	−0⅛	−1⅛	5.34
New Zealand 3¾ 94	130	88	88½	0	−1	4.83
OKB 3¾ 91	100	†89½	90	+0⅛	−1⅛	4.90
Pfand Ost. Lande 4 90	60	91	91½	−0⅛	−1⅞	5.07
Philippines 4¾ 89	60	95⅛	96	+0½	0	5.30
Sandvik 4 90	55	88	88½	−0½	−6⅛	5.40
Spain 4 91	100	89½	90	−1½	−2½	5.18
Vienna 4 92	100	87½	88	−1⅛	−3	5.22
Voest-Alpine 4¾ 89	90	†100½	101	—	—	4.64
[illegible]	[illegible]	93½	93¾	+0⅛	−1⅛	4.88
World Bank 4¾ 89	100	†101½	101⅞	—	—	4.42

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	86⅜	87⅛	+0⅛	+0⅛	7.81
Australia 5.6 83	30	92¾	93½	−0⅛	−0⅛	7.64
Australia 6½ 88	20	90⅞	91⅞	−0⅛	−0⅛	7.96
Finland 5.6 83	10	91½	92½	0	−0⅛	7.98
Finland 6.8 88	10	91⅛	92⅛	0	−0⅛	8.20

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96⅞	97⅜	0	+0⅛	9.69
Avco Fin. 10¼ 86 C$	25	96¾	97¼	−0⅛	−0⅛	10.88
Ex. Dev. Cpn. 10 84 C$	50	99	99½	0	−0⅛	10.19
Fst. Can. Inv. 10 84 C$	50	98⅞	99⅜	0	−0⅛	10.29
Hudson Bay 10½ 89 C$	60	99⅞	100⅜	0	−0⅛	10.47
Quebec 10½ 86 C$	50	98⅛	98⅝	0	−0⅛	10.58
R. Bk. Canada 10 86 C$	40	100⅛	100⅝	+0⅛	−0⅛	9.92
R. Bk. Canada 10 94 C$	40	96½	97	+0⅛	0	10.43
Copenhagen 8¾ 91 EUA	25	†97½	98	−0⅛	−0⅛	8.54
Komm. Inst. 7½ 93 EUA	15	96	97¼	+0⅛	+0⅛	7.88
Panama 8½ 93 EUA	20	†95	96	−0⅛	0	8.81
SOFTE 8¾ 89 EUA	40	96	97⅛	0	−0⅛	8.77
Algemene Bk. 6½ 83 Fl	75	93⅛	94	+0⅛	−1⅛	8.27
CFE Mexico 7¼ 83 Fl	75	94⅝	95⅛	0	−1⅛	9.25
EIB 7¾ 85 Fl	75	91½	92⅛	0	−1⅛	8.88
Ned. Middbk. 8¼ 84 Fl	75	97⅛	97⅞	+0⅛	−1⅛	8.83
New Zealand 6¾ 84 Fl	75	90½	91⅛	−0⅛	−1⅛	9.08
Norway 8¼ 84 Fl	100	97⅛	97⅞	−0⅛	−0⅛	8.83
Elf Aquitaine 9¾ 88 FFr	150	97	97½	−0⅛	−0⅛	10.20
EIB 9¾ 88 FFr	200	97⅛	97⅝	−0⅛	−0⅛	10.18
Euratom 9¾ 87 FFr	150	97⅛	97⅞	−0⅛	−0⅛	10.22
Norway 9½ 84 FFr	200	97¼	98	−0⅛	−0⅛	9.88
PSA Peugeot 9¾ 87 FFr	175	96⅞	97⅛	0	−0⅛	10.29
Saint-Gobain 9½ 86 FFr	130	97	97½	−0⅛	−0⅛	10.29
Solvay et Cie 9¾ 87 FFr	125	97½	98	0	−0⅛	10.19
Total Oil 9¾ 87 FFr	150	95⅛	95⅝	0	−0⅛	10.23
Unilever 10 85 FFr	100	99½	100½	0	−0⅛	10.00
[illegible]	20	91⅞	92⅜	0	0	10.95
Citicorp 10 93 £	20	91	91½	0	0	11.26
EIB 9¾ 88 £	25	91⅞	92⅜	−0⅛	−0⅛	11.17
Finance for Ind. 13 91 £	15	102⅞	103⅜	−0⅛	−0⅛	12.46
Gen. Elec. Co. 12¼ 89 £	50	100⅛	101½	0	−0⅛	12.27
Euratom 8 87 LuxFr	500	97⅛	98⅛	0	−0⅛	8.33
Norges Km. 8 86 LuxFr	500	95⅞	96½	0	−0⅛	8.73
Oslo. City of 8 89 LuxFr	500	†97	98	−0⅛	−0⅛	8.33
Solvay Fin. 8 85 LuxFr	500	97⅛	98⅛	−0⅛	−0⅛	8.43
Swedish Bk. 8 88 LuxFr	500	97½	98½	+0⅛	+0⅛	8.31

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Cp. M5.5 89	0¼	98⅛	98⅝	12/7	12.4	12.53
Banco di Roma M6 87	0¼	98½	99	26/10	11.19	11.33
Bco. El Salvador M8 83	1⅛	†96⅛	96⅞	12/10	12⅛	12.79
Bco. Nac. Argent. 7 86	0¼	97⅞	98⅜	22/9	11½	11.72
Banco Prov. BA M7⅛ 86	0¼	†98⅛	98⅝	12/6	11	11.17
Banco Urquijo 6 86	0¼	97⅞	98⅜	21/9	11½	11.72
Bank of Tokyo M5⅛ 93	0¼	98⅛	98⅝	18/10	11⅝	11.91
Bq. Ext. d'Alg. M7.5 85	0⅝	95⅛	95⅝	2/11	11⅛	12.45
BNP 5½ 91	0¼	98½	99	22/2	11⅛	11.52
Citicorp O/S Fin. 6 94	0¼	99½	100	8/9	10.69	10.71
Gotabanken M6 88	0¼	98⅛	98⅝	15/5	11⅛	11.68
Ind. Bk. Japan M5¼ 85	0¼	99½	100¼	1/12	10.94	10.96
Jugobanka M8 89	0¼	96⅞	97⅜	23/11	11⅞	12.27
LTCB Japan M5¼ 85	0¼	99½	100	9/10	11⅝	11.65
LTCB Japan M5¼ 89	0¼	99⅛	99⅝	7/12	11⅛	11.24
Mfrs. Han. O/S M5¼ 94	0¼	99⅛	99⅝	23/8	11.19	11.26
Midland Intl. M5¼ 93	0¼	98⅛	98⅝	20/7	12⅛	12.36
Nipo. Crdt. Bk. M5.5 85	0¼	99⅛	99⅝	22/6	12.81	12.88
OKB M5¼ 88	0¼	99⅛	99⅝	16/10	11.44	11.49
Petro Mexicano M7 84	0¼	99	99½	24/7	12.06	12.15
Privredna Banka M8 86	0⅞	95½	96⅛	22/6	13.44	13.38
Sundsvallsbnkn. M6 85	0¼	98½	98⅞	4/10	11.06	11.25
Texas Int. Air. M7 86	0¼	97⅞	97⅞	11/10	11⅛	11.55
TVO Pwr. M9 91 (D-L)	0½	98⅛	98⅝	24/11	11⅛	11.23
Utd. Overs's Bk. M6 89	0¼	97⅞	98⅛	29/9	11.14	11.38

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	24	126⅛	128	−0⅛	1.30
Boots 6½ 93	2/79	2.16	98⅞	99⅞	+0⅛	−1.78
Ciba-Geigy O/S F. 4 94	9/78	675	91	92	−0⅛	−13.36
Coca-Cola Bottling 6¾	4/79	9	89	90½	+0⅛	26.61
Credit Suisse 4¾ 93	10/79	1325	99⅛	100⅛	—	—
Esselte 7¼ 89	9/79	159	96	97	+0⅛	19.77
Honda Motor 5½ 89	5/79	532	92½	93½	−1⅛	0.22
Ito-Yokada 5½ 93	6/78	1339	102	103	−0⅛	0.34
Nitto Elec. Ind. 6 94	7/79	736	89½	90⅛	−0⅛	3.47
Novo Industri. 7 89	4/79	259	87⅛	88⅛	+0⅛	12.21
Texas Int. Air. 7½ 93	4/79	14.5	87⅛	88⅛	−0⅛	21.81
Thorn Int. Fin. 7 88	11/78	3.67	127⅛	128⅞	−1½	−1.78
Asahi Optical 3¼ DM	[illegible]	568	†78⅛	79⅛	0	6.6
Casio Cp. 3½ 85 DM	11/78	841	†87⅛	82⅛	0	16.5
Fujitsu 5 84 DM	7/78	475	105⅛	106⅛	+1⅛	27.2
Jusco 3½ 86 DM	1/78	1154	†80⅛	81⅛	+0⅛	26.2
Kansai Elec. 4 84 DM	4/79	1250	†86⅛	87⅛	+0⅛	19.1
Konishiroku 3½ 85 DM	1/79	612	†87	82⅛	−0⅛	12.8
Marudai Food 3½ DM	2/79	1033	77⅛	77⅛	−1⅛	30.5
Murata M. 3½ 86 DM	11/78	[illegible]	[illegible]	[illegible]	+0⅛	4.9
Nippon Yan. 3½ 85 DM	1/79	231	†79⅛	80⅛	0	−33.3
Nissan Diesl. 3½ 86 DM	2/79	477	†85⅛	86⅛	0	3.4
Olymp. Opt. 3½ 85 DM	2/79	703	†88½	89	−1⅛	−2.4
Sharp Cpn. 3½ 88 DM	2/79	487	87⅛	88⅛	−0⅛	7.0
Stanley Elec. 3½ DM	11/78	[illegible]	†90⅛	91⅛	−0⅛	[illegible]
Tokyo Elec. 3½ 87 DM	4/79	476	†90	90⅛	0	28.9
Tokyo Ld. Co. 4 86 DM	4/79	493	†83	84	−1⅛	9.2
Trio-Knwd. 3½ 86 DM	11/78	711	75⅛	79⅛	−0⅛	25.5

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Major RSV yard to be run-down

BY CHARLES BATCHELOR IN AMSTERDAM

; MAJOR shipbuilding yard he loss-making Rijn-Schelde-olme (RSV) group would me an assembly yard for sections built elsewhere er a plan proposed by the ch Economics Ministry. This osal, which would cost een Fl 180-400m, has yet to ive the approval of the h Cabinet and has been ted by the trade unions.

e Dutch Government last announced a plan to pro- Fl 195m ($93.16m) in aid SV in return for capacity At the same time it said ad assumed responsibility the large yard, belonging e subsidiary VDSM, from ary 1, 1979, while it con-ed what to do with the , the largest in the Nether-s.

. Gijs van Aardenne, omics Minister, now pro- reducing VDSM's activi- to the assembly of vessels and offshore structures built at other yards within the RSV group and elsewhere in the Netherlands. This would have the advantage of complementing the activities of another RSV yard, that of NDSM in Amsterdam, which was recently restructured and with only enough capacity to make ships sections, but not complete vessels.

The latest proposal for VDSM would mean that many "overhead" functions of the yard in Rozenburg, near Rotterdam, such as planning and control, would be abolished leading to the loss of 500-1,000 jobs. This would cost more than the Fl 180m needed to shut the yard down completely but less than the Fl 400m proposal made by the unions for keeping it open, the Economics Ministry pointed out.

The FNV industrial union sees the Economics Minister's proposal as the first stage in the total closure of VDSM. The Cabinet has, however, asked the Economics Minister to provide more details of his plan before deciding whether to approve or reject it.

* * *

VFW-FOKKER, the Dutch-West German aerospace group yesterday announced that it made a small profit in 1978 after the substantial loss the year before. It described 1978 as a year of consolidation after the restructuring of the German operating company in Bremen which followed the ending of its VFW 614 short-haul jet programme.

The central holding company of the two-nation aircraft group reported a net profit of DM 551,000 ($290,000) in 1978 compared with the record loss of DM 157.7m ($83m) the year before. Last week, the German end of the venture also announced a turnround from heavy deficit to a small profit.

Increased demand for the A300 Airbus almost compensated for the effect of the decision to end VFW 614 production at Bremen. The present level of orders for the A300 and the plans to develop the A310 version guarantee work under the Airbus programme until at least 1982.

The poor demand for the F27 and F28 aircraft led to short-time working in Amsterdam in the first half of the year, but *the assembly of the F16 fighter* and increased production of the Airbus led to an improvement in the second half.

The increased tempo of these aircraft programmes is expected to lead to a rise in sales following the 4.1 per cent fall to DM 1.63bn ($858m) in 1978. Profits will be hit though, by losses on the Airbus programme and lower sales prices for the F27 and F28.

Sumitomo plan to lift Toyo Kogyo stake

SUMITOMO BANK has asked Sumitomo group companies to increase holdings of Toyo Kogyo shares so as to raise combined share holdings to more than 20 per cent from the present 14 per cent.

Sumitomo Bank, the main bank for Toyo Kogyo Company, said the measure is necessary *to strengthen Sumitomo's position* against Ford Motor of the U.S.

Toyo Kogyo, which manufactures Mazda vehicles, last month reached basis agreement with Ford for the latter's 20 per cent stock acquisition in Toyo Kogyo.

Meanwhile, Nissan Motor Co. said it hopes to acquire 100 per cent ownership in the Japanese-U.S. joint concern, Nippon Jido Hensokuki Company (Japan Automatic Transmission Company), from Ford Motor Company and Toyo Kogyo Company this year.

The joint concern, 50 per cent owned by Ford and 25 per cent each by Toyo Kogyo Company and Nissan, was established in 1970 to produce automatic transmissions for vehicles using a Ford licence.

Reuter

Arab Bank buys Morgan Grenfell half of venture

BY RAMI G. KHOURI IN AMMAN

THE ARAB BANK has become full owner of the Arab and Morgan Grenfell Finance Company, by buying out the 50 per cent share of the capital held by Morgan Grenfell and Company. Officials of the Amman-based Arab Bank, the biggest commercial bank in the Arab world, said that the Arab and Morgan Grenfell Finance Company would soon undergo a name change to reflect its full ownership by the Arab Bank.

It would remain as the Arab Bank's merchant banking arm in London, but would concentrate more on business in the Arab world itself, reflecting the increase in investment banking work the Arab Bank has become involved in recently.

The Arab and Morgan Grenfell Finance Company was established in 1974 with an issued capital of £250,000. It recently lost the services of its chief executive, Mr. Tarek Kassem, who will be replaced shortly, with the change in name of the company.

Khalid Shoman, the deputy chairman of the Arab Bank, said in Amman that there were no plans to open any new offices abroad for the new subsidiary, as its business could be conducted most efficiently from its London headquarters.

● Michael Lafferty writes: Morgan Grenfell confirmed that it has sold out to the Arab Bank, but stressed that relations between the two banks continue to be close. Mr. David Douglas-Home, a Morgan Grenfell director, will remain on the Board of the Arab Bank subsidiary, which is expected to be renamed as Arab Bank Investment Company.

Up to now the bank has been concerned with organising medium-term rollover loans for both the Arab Bank and Morgan Grenfell. Mr. Douglas-Home said yesterday that it now wanted to develop into a fully-fledged merchant bank in its own right. Split ownership was no longer appropriate because of potential conflicts of interest.

Cockerill reduces deficit

Our Financial Staff

JCED losses are reported ockerill, Belgium's largest company. The parent company has cut its deficit by an eighth to BFr 6.41bn .72m).

company's productivity wed last year and but for es in depreciation re-ments and rising costs, rill's losses would have far lower. On a comparable the better productivity have lopped BFr 2bn off deficit, Baron Clerdent, lent explained.

phasising the improved k for production, he d out that parent com- increased output in the ive months of this year by cent to 2.19 tonnes. Sales the period had risen by cent.

ent company turnover by 10.1 per cent in 1978 r 52bn. Group figures, hed for the first time, a net 1978 loss of BFr on sales of BFr 94.7bn. kerill parent company carried forward into 1979 o BFr 18.7bn from BFr a year earlier.

already announced, the and regional authorities ke a 28.9 per cent holding kerill to help it overcome fects of the steel crisis.

CdF Chimie expects better year

BY TERRY DODSWORTH IN PARIS

THE FRENCH chemicals group CdF Chimie, owned by Charbonnages de France, the nationalised coal company, is forecasting better results for 1979 following an unsatisfactory year in 1978 which produced final losses of FFr 262m ($60m).

Blame for the continuing difficulties at CdF Chimie, one of the country's main chemical companies, is placed on the poor market conditions in the plastics industry. In addition, it was hit by operating problems following an explosion in its ammoniac plant at Carling, and by production difficulties at its new styrene factory.

CdF's poor results, which follow even larger group losses of FFr 320m in 1977, mean that the future of its big new petrochemicals complex at Dunkerque is left in question.

The first part of this steam cracker went into operation in November last year, but the group admits that it needs outside finance to complete the unit. It has looked to the oil state of Qatar, which took a 40 per cent stake in the first tranche, to come up with the money for the second stage, but this has not been agreed as yet.

A resolution of the difficulties at Copenor, the subsidiary which runs the Dunkerque plant, is important for the group because of the high fixed costs in operating a petrochemicals complex. Copenor has also used up large slices of investment finance, including FFr 533m last year out of a total group outlay of FFr 900m (FFr 686m in 1977).

CdF Chimie says that it is continuing to employ tight management policies to reduce its losses, including a freeze of new appointments and on non-essential projects. But it says that the effects of these measures have been undermined by the tight margins in the industry, particularly in the chemical sector.

Last year's results consolidate for the first time the APC affiliate, giving an improved look to the profits figures. CdF's net losses, excluding APC, came to FFr 74m against FFr 46m in the previous year. Consolidated losses, however, including APC, came to FFr 262m, against FFr 320m in 1977.

The figures also show that some 35 per cent—FFr 2.3bn—of CdF's turnover came last year from overseas. Total turnover amounted to FFr 6.8bn against FFr 4.8bn in 1977.

Downturn at Wearne Brothers

By George Lee in Singapore

WEARNE BROTHERS, the major local motor trader, is already feeling the effect of the decline in the motor vehicle market in Malaysia.

For the half year to March 1979, Wearne reported a 13.9 per cent fall in group pre-tax profit to S$13.38m (U.S.$6.07m) despite an 8.7 per cent rise in turnover to S$176m.

With the estimated tax charge for the half year falling by 17.5 per cent, Wearne's post-tax profit was 10.6 per cent lower at S$7.24m.

Besides the decline in the Malaysian car market, the group also blamed "pressures on margins" for the fall in profitability. However, its share of vehicle sales improved in the Singapore market which remained steady.

Performance in the second half of the current financial year is expected to be marginally better than that of the first half. The group has declared an unchanged interim gross dividend of 5 per cent.

Upturn at Australian sugar mill group

BY JOHN ROGERS IN SYDNEY

PIONEER SUGAR MILLS yesterday reinforced the improved outlook for Australia's sugar groups when it reported a 156 per cent profit improvement from a depressed A$1.78m to A$4.6m (U.S.$5.1m) and an increased dividend for the year to March 31.

The latest result was achieved on only a 6.4 per cent gain in turnover from A$85m to A$90.6m demonstrating the company's cost cutting and improved mill efficiency.

Tax took A$3.17m compared with a benefit of A$794,000 last time, depreciation A$3.09m against A$3.05m and interest A$1.54m against A$1.07m. Earnings jumped from 4.3 cents to 15.8 cents a share.

The total dividend payout was 7.5 cents compared with 5 cents last year with the final up from 2.5 cents to 4.5 cents a share. However the total dividend is still below the group's 1976-77 level of 12 cents a share.

Pioneer's main profit contributor was the mills division, which saw earnings rise from A$529,000 to A$3.59m but the directors, commenting on the performance of the cattle stations division, said "earnings were affected significantly by the increase of 155 per cent in net market value of livestock. Accordingly A$1.97m has been transfered to a special livestock reserve.

On sugar they said "although overall production was 9.7 per cent less than the previous year, the average price per tonne increased by 7 per cent."

Overall raw sugar production fell from 406,000 tonnes to 367,000 as the company complied with instructions from the Queensland Sugar Board to restrict production to individual mill peaks as part of Australia's contribution to the world sugar agreement.

The groups chemical arm, Pioneer Chemicals, improved its contribution from A$72,000 to A$170,000.

Pioneer's result closely follows the fortunes of Australia's premier sugar stock CSR which —despite earlier gloomy predictions—experienced a 50 per cent jump in sugar profits to A$20.7m as part of its A$50m record result.

Huletts raises dividend

By Our Johannesburg Correspondent

HULETTS CORPORATION, one of South Africa's leading sugar producers, raised its turnover by 12.2 per cent to R337m for the year to March 31, 1979, and pre-tax profit substantially more sharply—by 35.2 per cent to R38.28m ($45.3m) from R27.69m in 1977-78.

Net income in South Africa rose 26.9 per cent to R25.5m while foreign income, mainly from the company's Rhodesian interests, increased 76.8 per cent to R1.2m.

A final dividend of 28 cents has been declared, against 19C previously, raising the year's payout to 37C, against 28C, to show a yield of 14.2 per cent at the previous closing price of 260C on the Johannesburg Stock Exchange.

Earnings from the company's paper and transport divisions were better than expected, giving some relief to the battling sugar division.

The Huletts subsidiary, Huletts Aluminium (Hulanium), in which Alcan has a 24 per cent stake, increased its turnover by R15m to R87m for 1978-79. After a deduction of R1.6m for inflation adjustment, Hulanium declared a taxed profit of R4.1m, up 8.3 per cent on the previous year.

Lauritzen es modest provement

Hilary Barnes in Copenhagen

AURITZEN, the shipping, ilding and industrial said that a modest vement in earnings could xpected this year, but e of difficult market con-s, earnings will still be sfactory.

group's turnover in 1978 sed from DKr 3.8bn to bn. Operating profits fell DKr 646m to DKr 493m 7m)—the 1978 figure in-l DKr 94m for ship sales. rlier years, the proceeds such sales have not been ed in the profit and loss it.

earnings were down from 257m to DKr 169m. The t company, Vesterhavet ing, will pay an unchanged cent dividend.

up assets increased from 4.7bn to DKr 5.3bn, but capital was down from 1.44bn to DKr 1.39bn, ling to the annual report. decline in 1978 earnings blamed on the group's ng activities.

Earnings recovery at Losinger

BY JOHN WICKS IN ZURICH

SWITZERLAND'S leading construction company, Losinger AG, lifted group turnover from SwFr 490m to SwFr 516m ($297.9m) last year. Of this, some SwFr 214m was accounted for by foreign contracts.

Losinger, which booked new orders worth SwFr 445m during the year and an end-year order total of SwFr 423m, recorded an improvement in net profits from SwFr 39,618 to SwFr 165,696 for the parent company, but is again to pass a dividend for the year.

Consolidated net profit rose from only SwFr 9,308 in 1977 to SwFr 364,795 last year. Losinger has been suffering in the past from a severe decline in domestic building activity.

* * *

THE SWISS arms and engineering concern Oerlikon-Buehrle has obtained a majority stake in Motch and Merryweather Machinery Company of Cleveland, Ohio. It intends to take over the remaining shares later. Motch and Merryweather is a manufacturer of machine tools and mechanical handling equipment and recorded a 1978 turnover of $118m.

The acquisition cost $40 per share. Apart from its manufacturing programme, M and M represents a number of leading American and European machine-tool producers on the U.S. market.

* * *

OERTLI AG, the Swiss heating equipment company has acquired the American burner manufacturer ABC-Sunray Corporation.

The addition of ABC-Sunray, which with an annual output of over 100,000 burners is the third biggest producer in the U.S., means a doubling of Oertli group capacity in this sector and an increase in turnover to more than SwFr 100m a year.

Oertli, which is believed by this move to have become the world's biggest burner manufacturer, is part of the Swiss group, Walter Meier Holding.

Santos EGM adjourned

By Our Sydney Correspondent

THE EXTRAORDINARY meeting of Santos, the South Australian gas producer, turned out an anti-climax in Adelaide at the end of last week—with the group's biggest shareholder, Bond Corporation, being effectively quietened by the board, which ruled that the large press contingent attending be excluded from the meeting.

Despite the attendance of 250 shareholders, the meeting—called by the Bond Corporation chairman, Mr. Alan Bond, to condemn South Australia's legislation which limits shareholdings in the company to 15 per cent—lasted only 40 minutes, then was adjourned to a date to be set.

Afterwards, Mr. Bond, whose company is in a group presently holding 37.5 per cent, said that this had been done to enable the board to investigate proposals to be put to the Government as suggested amendments to recently enacted legislation.

Caution over new monetary instruments

BY WONG SULONG IN KUALA LUMPUR

A TOTAL of 186m ringgit (S82.4m) has been issued in bankers acceptances (BAs) and negotiable certificates of deposit (CDs) since these two new monetary instruments were introduced in the Malaysian market last month.

Dr. Lin See Yan, the economic adviser of the Malaysian Central Bank, said 59m ringgit were issued as BAs and 127m as CDs.

Reviewing the response by the Malaysian business community towards the new money instruments, Dr. Lin said trading was quite active during the first three weeks of May, but the market had quietened somewhat of late.

He said the hesitancy in dealing with the instruments could be due to no more than doubt or insufficient understanding of their nature, character and mode of dealing, while some foreign companies were waiting for approval from their head offices before dealing in them.

He said the business community had exercised more caution than necessary in approaching these facilities but added he was confident the situation would become more relaxed as more experience was gained in the issue and marketing of the instruments.

So far, all 13 banks authorised to issue CDs had done so, with financial institutions as the main buyers, while 10 commercial banks and eight merchant banks had accepted BAs for their customers, with 16 commercial banks and six merchant banks having participated in the secondary market.

Sapmaz group doubles profits

BY METIN MUNIR IN ANKARA

DOUBLED profits are reported for 1978 by the Sapmaz group, the largest textile company in Turkey.

Sales last year rose by 90 per cent to the equivalent of $208m helping to lift profit by a full 110 per cent to $23m. The group produces a wide range of textiles, including cotton and wool yarns, synthetics, imitation furs and carpets.

Mr. Munci Tekyeli, Sapmaz's foreign relations manager, said in an interview that Sapmaz could "easily" export $50m worth of textile products this year and that Turkish textile industry's total export capacity was as high as $500m per annum. Exports were, however, at a low level because inflation and high demand at home made local sales more lucrative than sales abroad.

Textiles are Turkey's most advanced industry. Yarn and textiles constitute 15 per cent of total exports and 45 per cent of industrial exports.

* * *

The Durmus Yasar group, the industry conglomerate based in Izmir, reports record turnover in profit figures for 1978. Pretax profit was the equivalent of $20m, an increase of 66 per cent. Turnover at $113m was 52 per cent higher than in 1977.

"One should not make too much of these numerical increases in profits," said Mr. Ali Nail Kubali, director of planning and investment. "These increases are mostly the result of inflationist pressures."

Mr. Kubali said that he was unable to say what results he expected from 1979. Much depended on the availability of imported raw materials. The prospects were not bright owing to the continuing foreign currency shortage. The group's fertiliser plant had stopped production a fortnight ago owing to the lack of imported inputs.

Durmus is prominent in paint manufacture, tourism, dairy and fertilisers.

VINGS BANKS IN AUSTRIA

Structural planning leads to clash of ideals

BY PAUL LENDVAI IN VIENNA

PUBLIC debate over the of Austria's savings , sparked off by the 1977 ment of a controversial set vised banking laws, is ing increasingly voci-.

latest clash of ideals es around the structure e sector. Herr Jansjoerg e, chairman of the Federa-f the savings banks, has tly argued that the number ings banks could usefully lved through integration larger units.

suggestions have been ently rejected by the man and chief executive Girozentrale, the second t bank in Austria. Giro-le head, Dr. Karl Pale, leclared that there is no n whatsoever to change present structure which ideally the small and im-sized institutions."

new legislation has lised not only the open-f bank branches but also access to the Austrian l market. The two largest a-based institutions, Zen-arkasse (total assets 73.7bn) and the First ian (Sch 54.4bn) have dy begun to float their own issues. In competition the Girozentrale has taken the lead in setting up a so-called "Sparkassenfinanzierungs AG" with 65 per cent of its capital of Sch20m held by 19 savings banks and the rest by Girozentrale. This will serve the entire sector as a source of funds.

Another bone of contention within the debate over the new banking laws is the end of the "regional principle" which until this year set limits to the territorial expansion of savings banks. The Vienna-based major banks operate now through their own merchant banking arms. First Austrian has taken over a small private bank, and Zentralsparkasse has acquired control over a former hire-purchase institute.

As a counter-move, four big provincial banks—Those of Salzburg, Innsbruck, Linz and Dornbirn—have decided to set up their own Vienna branch to be called "Westbank."

Dr. Pale, who is intent on both preserving the permanent position of the Girozentrale and the present structure of the savings banks sector, has also listed as an argument in favour of close co-operation as the majority holding of the Girozentrale in various leasing and factoring companies which serve the entire sector. Furthermore, Sparinvest, run by the Girozentrale, has a market share of over 70 per cent in the mutual funds operating in Austria.

Meanwhile, the relationship between Girozentrale and the Vienna savings banks is subjected to recurrent tensions. The Zentralsparkasse and the First Austrian Savings Bank are in the unusual position of simultaneously acting as shareholders, clients and lately also competitors of the Girozentrale. Under the new law, 10 per cent of savings deposits and 20 per cent of other deposits must be held with the central institute. Savings banks whose assets are equivalent to 40 per cent of the balance sheet total of the Girozentrale will be able in future to withdraw their liquidity reserves within three years of giving formal notice. However, there is no sign of such a radical rupture at present.

But the Viennese banks are pressing for more scope. Thus for example they have begun to press for a separation of the Bausparkasse of the Sparkassen, the central building society from the Girozentrale and a 25 per cent holding each in the future company. The Girozentrale sees no reason for a drastic change. Nor apparently is the Austrian treasury willing to issue new permits before the drawing up of new legislation for the building societies.

The savings banks currently account for 32 per cent of the aggregate deposits and 27 per cent of the outstanding loans in Austrian banking. Thus, the shifts within this sector affect the entire economy.

With Bawag, the union bank taking over the Konsum-Bank and gaining easy access to the consumer co-operatives and the post office savings bank also seeking a growing market share for itself, the conventional savings banks will be hard pressed to defend its trading position.

This in the end may well prove to be the most persuasive argument in favour of continued close links between the savings banks, the "giants" in Vienna and the Girozentrale which regards itself as a shield for protecting the independence of the larger and smaller savings banks all over the country.

THE $ AT THE EYE OF THE STORM

The Bank for International Settlements in its annual report for 1978 records a year in which foreign exchange turmoil, centred on the decline of the dollar, left its mark on a number of important developments in the world economy.

The upsurge in international inflation at the turn of 1978/79, the expansion in world liquidity, the borrowers' market in international bank lending, large divergences in the balance of payments positions of the major industrialised countries, and a growing move towards reserve currency diversification, are all the BIS suggests, related to the fundamental problem of the dollar.

The bank's main policy recommendation is that the U.S. authorities maintain their move towards restoring confidence in the dollar and improving the balance of payments.

This would not only solve a number of inter-related problems relating to the world monetary system such as the rising liquidity and reserve diversification, but would also help a pattern of more convergent growth policies among the major industrialised countries and ensure a sound basis for the operation of the European Monetary System.

New stress on exchange rate stability

ANALYSIS BY DAVID MARSH AND NICHOLAS COLCHESTER

LAST YEAR'S currency crisis has forced the major industrialised countries to put into effect a greater commitment to stabilise exchange rates. This is the conclusion of a detailed analysis of foreign exchange market development contained in the Bank for International Settlements' annual report.

After last year's exchange rate turmoil, which the BIS says was on a scale comparable only to that which led to the final collapse of the Bretton Woods system in 1973, the U.S. has now joined other major countries in acknowledging that markets, left to themselves, can produce exaggerated movements in exchange rates that are damaging to the domestic economy.

In addition to the change of U.S. policy, EEC countries have set up the European Monetary System in a bid for more exchange rate stability in the Common Market area.

The Swiss authorities have announced their intention of keeping the D-Mark well above the level of SwFr 80 for DM 100.

Common to these decisions is the belief both in countries with persistently strong currencies like Germany and Switzerland, and in France and Italy, which had earlier withdrawn from the European joint float, that greater exchange rate stability is a pre-requisite for dealing with domestic economic problems.

The shift in official policies has proved remarkably successful since last autumn. But the position in late 1978, with large oversold positions in the dollar, wide interest rate differentials favouring the dollar, and clear signs of reduction in some payments imbalances, was particularly favourable.

The BIS warns that the real test of such policies will come when circumstances are less propitious, and it will not be easy to maintain more stable exchange rates in the future.

Regarding the EMS, it says consolidation and further progress of the system require more than the mere absence of a new dollar crisis.

Whenever changes in central rates become unavoidable, they should be carried out swiftly and smoothly. But there are obstacles in the way of such decisions which can only be overcome with a combination of political will, technical skill and good luck.

The large current account deficit of the U.S., together with a sizeable movement of official and private funds out of the dollar, produced another massive increase in global reserves last year.

Total reserves, including gold valued at SDR 35 per ounce, increased by $44bn last year to $363bn, having gone up by $60bn in 1977.

The recovery of the dollar in early 1979 seems to have brought this expansion to a halt. The reversal of previous speculative inflows into Germany, Japan and Switzerland, led to a reduction of $16bn in these countries' combined reserves in the first four months of the year, after they had gone up by $32bn in 1978.

Other big reserves increases last year were recorded by the developed countries outside the Group of Ten and Switzerland and the non-oil-developing countries.

OPEC countries' reserves dropped by $15bn, $5.3bn of which was due to an accounting change by Saudi Arabia, compared with a gain of $11bn in 1977.

The dollar's decline gave impetus to diversification of foreign exchange holdings, which all together rose $43bn last year, or $48.3bn on an adjusted basis, taking into account the Saudi Arabian accounting change.

On this basis, $30.2bn of the total was invested in dollars in the U.S., $10.3bn in identified deposits on the Euromarket and $6.4bn in identified non-dollar deposits in national markets.

Almost all the identified increase of $10bn in official Euro-currency deposits last year was in currencies other than the D-mark, notably, the D-mark, Swiss franc and yen.

Thus, nearly all the $16.7bn identified increase in exchange reserves held outside the U.S. appears to have been in currencies other than the dollar.

Leaving out of account the increase in the U.S. exchange reserves, the remaining $12.3bn growth in non-dollar exchange reserves was accounted for mainly by non-Group of Ten countries.

The trend towards a multiple currency reserve system is likely to become more pr- nounced if the U.S. authoriti- decide to build up their foreig- exchange reserves, since the- by definition will have to be i- currencies other than the dolla-

The BIS says that the rapi- increase in the reserves of th- oil importing countries over th- last three years does not see- to have been excessive.

With few exceptions, the- countries are still in a less con- fortable reserves position, i- relation to both imports an- external indebtedness, than a- the end of 1973.

If reserve growth were t- continue at the same rates a- 1977 and 1978 and for the sam- reason, and if the borrower- market for banking credit wer- to persist, there could be caus- for concern about the level o- international liquidity.

The most important pr- requisite for avoiding this is th- maintenance of confidence i- the dollar, based on a stron- underlying U.S. balance of pa- ments position.

New levels reached in foreign lending

THE EXPANSION of foreign banking business reached "unprecedented proportions" in 1978 according to a review of the international credit and capital market in the annual report of the BIS. Because this happened under conditions of slack loan demand and great international liquidity the result was a "further compression of bank earning margins to levels that seemed to be based on the assumption of a future without problems or losses."

The BIS expresses *obvious* concern at this development, noting that "it is not easy to see how these (lending) spreads can leave scope for building up adequate provisions against *future losses." It observes:* "with the front end fees from new loans usually credited to the banks' income for the current year, this negotiation of lower lending margins tended *to have a favourable impact on* the banks' profits situation last year, but is liable to impair their earnings potential in the longer run."

The BIS figures show that the total external assets of the major Western countries grew by $213bn last year, or twice as much as in 1977, to a total of $903bn. This growth was inflated by three factors: (a) the fall in the dollar relative to all other currencies; (b) the rise in short-term inter-bank deposits which resulted from the currency unrest of 1978; and (c) the inclusion of new elements into the BIS compilation. Taking out the inter-bank element the BIS says that the growth of international *bank credit accelerated from* $75bn to $110bn in 1978 giving a net total of international lending at the end of the year of $540bn.

The BIS pins down four *factors which led to there being* a lot of liquidity for the international banks to deploy. (1) Slack loan demand in the U.S. and the desire of foreigners to borrow a weakening currencies saw *big dollar outflows* from the U.S., both from banks and non-banks; (2) Surplus countries (for instance West Germany, Japan) followed easy money policies to prevent their exchange rates *appreciating.* This provided the banks from these countries with "plenty of ammunition for lending abroad."

3.—"The vast U.S. official settlements deficit boosted world *official exchange reserves."*

4.—Banks sought to step up their international lending business because of their difficulties in reaching the desired rate of expansion at home.

Inflation and the price of oil loom large as the twin dangers

THE acceleration in international inflation this year poses a major threat to the world economy, and will almost certainly swing the thrust of governments' demand management policies away from combatting unemployment towards countering rising prices.

This is one of the principal themes running through the Bank for Internattional Settlements' annual report.

The rise in inflation has taken *place against the background of* a revival of economic growth in Europe coming on top of expansion in North America and Japan.

At the same time, inflation is *re-appearing in many countries* where, by conventional standards, there are still large margins of unused capacity and substantial unemployment.

Some of the most unexpected *and sudden increases have also* taken place in countries which earlier had been most successful in bringing inflation under control—notably West Germany, Switzerland and, to a lesser extent, Japan.

The recent oil price increase and the boom in the market for industrial raw materials, coupled with the revival of inflation in individual countries, foreshadow new dangers.

Those forces may produce a constellation of *cyclical* developments and policies which, without bringing *world* inflation under control, may undermine the process of current account adjustment which started a year ago, leading simultaneously to renewed currency unrest and a major recession.

At a time when U.S. demand conditions still seem to be buoyant, this could well happen if *restrictitve measures* were concentrated in the traditionally conservative, strong-currency countries rather than in the U.S.

The new tendency in 1979 for *world inflation rates to become* more convergent, but in an upward direction, contrasts with the position in 1978, when inflation rates became more divergent between the U.S. on *the one hand, and most of* Western Europe and Japan on the other.

The BIS report suggests that the renewed inflationary spurt has wide-ranging implications for countries' demand management policies. It has tended to confirm the need for cautious policies in pursuing expansion of the kind taken in Germany and Japan.

Because of international supply inelasticities, it would appear *that* the industrial countries can no longer expand very fast as a group without touching off a substantial rise in the price of internationally traded commodities. Internal wage-cost pressures provide a further domestic constraint.

On both domestic and international grounds, the industrial world may have to be content with lower rates of growth than it was accustomed to in the past.

To avoid disruptive movements in exchange rates, these rates of growth should be more uniform than has recently been the case.

Turning to individual countries' growth and inflation policies, the BIS says that on the whole, up to November, 1978, at least, monetary policy in the U.S. was designed pri*marily to facilitate domestic* economic expansion.

In Germany, Japan and several other large countries, it was aimed more at reducing inflation and safeguarding the ex*change rate.*

The BIS suggests that a monetary stimulus to demand may fairly quickly drain off into price increases with little or no long-term benefit in terms of lower unemployment.

U.S. policy tacitly assumed the existence of a greater trade-off than did the policy-makers of Germany and Japan who gave *more priority* to reducing inflation rates.

The BIS also concludes that the decline of the dollar last year showed that a large reserve-currency country like the U.S. cannot rely on floating exchange rates as a means of pursuing independent domestic policies, without adverse external repercussions.

The U.S. economy no longer appears in a position to sustain a level of domestic demand significantly higher than that elsewhere.

Concerning countries' monetary policies, the BIS says that the re-emergence of the classic conflicts between domestic and external priorities seems to have *emerged under floating exchange* rates in a new guise.

With inflation being gradually brought down, the countries which were most successful in curbing monetary expansion *have also experienced declines* in interest rates and appreciating currency rates—but have had difficulty in stabilising all these three latter variables simultaneously.

OPEC and the payments gap

THE OVERALL world balance of payments structure last year was in much better equilibrium *than at any time since 1973,* but is likely to move to a greater postion of imbalance this year because of the expected increase in the OPEC surplus, the Bank said yesterday.

The favourable developments last year were accompanied by a considerable worsening of existing imbalances within the group of major industrialised countries, as a result of last year's currency crisis.

Last year, the oil exporting countries' current account sur*plus dropped to $7bn from* $29bn, and the developed areas of the world moved to a surplus of $7bn from a deficit of $28bn.

Non-oil developing countries, while registering an increase in *their deficits to $24bn from* $15bn, were still able to continue to increase their official reserves.

Within the Group of Ten and Switzerland, the combined over*all surpluses of Germany, Japan* and Switzerland more than doubled to $25bn while for the second year running the overall balance of payments deficit of the U.S. exceeded $30bn.

The principal counterpart t- the re-emergence of a substar- tial surplus for developed cour- *tries'* current account balanc- of payments was the unex- pectedly rapid fall in the oi- exporters' surplus, which thu- ceased to be the major destabil- ising factor in the world's cur- rent payments structure.

The renewed upward move- ment of the price of oil anc- other primary commoditie- since the end of 1978 will cer- tainly put the oil exporters bacl- into substantial surplus and the- developed areas of the world in- to deficit on current account *though not on the post-1973* scale.

Within the group of industrialised countries, the welcome improvement last year in the current account positions of *France, Italy and Sweden,* as well as the smaller developed countries, was overshadowed by the widening in the gap between the U.S. current account deficit and the surpluses of Germany, *Japan and Switzerland.*

The sharp imbalance between these countries which emerged in the final quarter of 1977 moderated only slightly in dollar terms last year.

THE JOBS COLUMN

Trials of a manager—or 'me and my drum'

BY MICHAEL DIXON

...LOT of cows died that day. ...ne of them could have looked ...re soulful about it than Roger ...han, my assistant at the ...tory. But he's guiltless. ...ile the strikers picketing our ...te didn't help matters, the ...ncipal cow-killer was me.

...t was such lovely weather, ..., when Roger and I hurried ...ough the pickets into the ...nt. But once we were inside ...d donning our protective ...thing, we were safe from ...m. The two 8 ft electrified ...ces surrounding our compound saw to that.

...t times there are advantages ... the security precautions ...ded for producing a vaccine ...ich, although it injects ...tant health into ailing cows, ...erwise shrivels any man or ...st whose flesh touches it. ...'t ask me why. I wasn't ...ponsible for inventing it; ...y for managing its production.

...s readers in "fire-fighting" ...cutive jobs will know, a ...ager may get himself past ...icket line, but not any goods ...er entering or leaving. Nor ...e Roger and I, alone inside ...e, expecting to move any. ...we had left of the vaccine ... a 40-gallon drum. The rest ... been cannily carted, pre...ce, to the warehouse 10 ...utes away on the other ... of the river.

So we were looking forward to pottering about in the sun, doing odd jobs. On our list was tidying the small pile of building equipment dumped by the contractor who until the strike had been slowly overcoming his reluctance to start work on our new storage shed.

What put the kybosh on that pleasant prospect was my routine call to headquarters, five minutes up the road. Colin Coulson-Thomas, the managing director no less, came on the phone panting that our best customer was having the heebie-jeebies.

Outbreak of foot-and-mouth disease. At least 40 gallons of vaccine needed that evening. Only available vehicle on other side of river couldn't make deadline unless it left in two hours' time. Bridge closed for repairs. So vaccine must be on ferry leaving in 90 minutes. (You know how things are in rural Herefordshire.)

I told the MD we had a 40-gallon drum, which pleased him. Next I mentioned the picket line, which didn't.

Then I suggested, I hope not acidly, that he send some vaccine out of the unpicketed warehouse, which had a certain advantage in being on the same side of the river as the lorry.

The MD muttered something about a foul-up stopping the warehouse from shipping any. Which didn't surprise me.

We at the plant didn't have much time for Sebastian Faulks and Mary Pipes, the warehouse managers. They'd never made overtures to us, and I wouldn't want them on my patch, anyway.

My doubts about them were reinforced by Ms Pipes chipping in on the telephone conversation to say that she was going out to look for Mr. Faulks, who had inexplicably disappeared and wasn't answering to her squeals.

That was the first any of us knew about our telephone system's ability to accommodate a three-way conversation. But it somehow didn't occur to anyone that this unusual facility might be helpful. I did notice something, though.

The picket leader was a woman, and I daresay a right Trotskyite. No compassion for bourgeois bovines from that quarter, certainly. But she wasn't sending any pickets to patrol the other sides of the compound:

So I asked the MD to try to get the warehouse to organise itself into getting a cart and some suitably safe, small cans across the river by ferry, and bring them up quietly to the side fences closest to where our 40-gallon drum was stored.

I reckoned the stout Sebastian good for lobbing the cans over the fences and the 7 ft of dead ground between them. We could then partly fill the cans from our big drum, and I could re-live my shot-putting days and toss the stuff out to him.

But, I added, pending the return of the warehouse from its present outing, I would try to devise means of hoisting the entire drum clandestinely over the fences. The MD said OK.

Now, machinery bewilders me. But I'm Isambard Kingdom Brunel compared with Roger. So I told him to man the telephone and watch out for my making any silly mistakes as I tried to cobble up a crane from the paraphernalia bequeathed to us by the departed builder. I looked it over, scratching my head with a heavily gloved finger.

From memory, the equipment consisted of: Two 12 feet scaffolding poles and two more of 8 feet. Two scaffolding clamps fixed at right angles, and two more which could rotate. Spanner to fit the clamps. Block and tackle with hooks at either end. Three loose ropes. Four massive iron tent pegs probably stolen from a travelling circus. A sledgehammer.

Soon I was almost totally absorbed in activity. The crane wasn't so much built, as allowed to evolve. On occasion I let Roger do something, such as hammer in a tent peg. But he mainly relayed the MD's increasingly anxious signals for estimates of how long before *the hoist would be working*. "Ten minutes," I said the first time, moodily toying with the spanner. Thereafter we adopted a standard reply of "five minutes."

After about 40 minutes of the standard treatment, the MD appeared in the indignant flesh beside the fences. Then he tried to stroll in to lend us a hand. But the pickets insisted that he stay with them instead.

By this time, cranes Mark I to IV had been tested, alas without fulfilling their designer's expectations. One abortive attempt to hoist would have brought the whole *caboodle down on* Roger and me had it not been for the sudden appearance of a sinewy man in his late 40s who averted the disaster, snapped "do be careful," and vanished.

At that point, Faulks and Pipes arrived with cart and cans. So we did manage to get some vaccine away by the shot-putting method, though only about 10 gallons before, losing my balance, I heaved the last small container into the *outside fence. Flash, bang, wallop!*

Back to a last attempt with crane Mark V. But the wretched rope slipped. As the clock hit the deadline, the drum tipped sideways, squirting a liberal dose of its contents on Roger. It didn't cheer him to know that he would be absolutely proof against catching foot-and-mouth in the few remaining moments of life left to him. And he was sad about all those now doomed cows as well.

But the vaccine turned out to be only water. And once they had managed to stop laughing, the sinewy man—whose name is *David Gilbert-Smith—and* his colleagues at the Leadership Trust management training centre, said we had done quite well really. After all, Roger and Mary were only public relations consultants, and the rest of us mere journalists.

Then we all went back to the seminar room, and reviewed our various efforts under tuition from the staff of the centre, at Symonds Yat in Herefordshire, who had been observing us all along while acting as pickets and other irritants. Why had we failed so signally, if hilariously? What general lessons could we draw to improve our results, both as individuals and in contributing to a team, when tackling problems in future? And so on.

Thus it was that I, who had been highly sceptical of the centre's "compressed-experience" methods, received the most effective, practical-educational experience of my life. Where training for management of the active problem-solving kind is concerned, I have certainly seen none better. Moreover, all I took part in was a simple exercise, the most complex project goes on for 18 hours.

The only snag, I feel, is that the occasional manager attending the centre's courses might be forced to the conclusion that he or she is in the wrong career entirely.

Take me, for instance: the exercise woefully exposed my addiction to answering an emergency by getting busy—too busy to heed anyone's ideas but my own or to explain clearly what I am trying to do—and over-estimating my own physical capacity. Those are serious faults in management.

So I've given it up. Perhaps I'm better suited to something like journalism.

Wall St. drifts while awaiting OPEC meeting

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—52¼% (55¼%)
Effective 2.0688—21¼% (23¼%)

STOCKS CONTINUED to drift lower levels in light trading on Wall Street yesterday morning as investors worried about energy problems.

By 1 pm the Dow Jones Industrial Average was off another 1.38 at 833.77 and the NYSE All Common Index eased a further 4 cents to $57.38, while

Closing prices and market reports were not available for this edition.

losses led gains by a seven-to-six majority. Trading volume, however, fell a further 4.15m shares to 17.96m compared with 1 pm last Friday.

Analysts said investors were mindful of the OPEC meeting later this month and prospects for further increases in oil prices. Supplies were threatened again by a leak which shut down the Alaska oil pipeline temporarily.

They also said the outlook for interest rates and the economy remains unclear and is helping to keep institutional traders on the sidelines.

Later in the day the Government is to release May retail Sales figures. Retail Sales in April rose 0.5 per cent.

Westinghouse Electric, however, tacked on $¼ at $18¾ — it and a Japanese licensee will build 10 desalination plants in Saudi Arabia for under $250m.

Gaming stocks and takeover issues provided most of the interest yesterday. Volume leader **Harnischfeger**, a maker of cranes and material handling equipment, jumped $6¼ to $21¾ ex-dividend. **Paccar**, which makes heavy trucks and railcars, will offer $20 apiece for all Harnischfeger's Common.

Ramada Inns picked up $⅜ to $12¾ in second active place, and active **Bally Manufacturing** rose $2¼ to $44¾.

Standard Oil Co. of Ohio lost $1¼ to $55¾—it is a major owner of the Alaska pipeline. Recently strong **Amerada Hess** shed $⅜ to $38¾ and **NLT Corp.** came back $1¼ to $28¼.

Atlantic Richfield slipped $¼ to $64¾—it said a fire at a California refinery would trim gasoline production.

General Motors held unchanged at $59¼ — it will build a car assembly plant in Spain and an engine plant in Austria at a total cost of about $2bn.

Some Glamours and Blue Chips were weak, and a few of the recently strong Energy shares were hit by profit-taking. **Alcoa** eased $¼ to $55, **General Electric** $¼ to $49¾, **Union Carbide** $⅜ to $36¾ and **IBM** $¼ to $77.

Northrop added $⅜ at $32¾—last week it said its share of the MX missile project would be about $1bn.

Schlumberger improved $1¼ to $74¾.

The American SE Market Value Index slipped 0.39 to 193.89 on volume of 3.25m (3.63m) shares.

Some Energy shares were hit by profit-taking. **Dome Petroleum** slipped $¾ to $41¾, **Canadian Superior Oil** $¾ to $116¼. **Houston Oil** $¼ to $19¾ and volume leader **Great Basins Petroleum** $¼ to $11¼.

Dynalectron, which has a process to produce oil from coal, advanced $¾ to $10¾. **Goldfield**, which has coal mines in Kentucky, tacked on $¼ at $1¼ in active trading.

Dart Industries slipped $¼ to $42¼—El Paso will buy Dart's share of their joint Olefins venture for $118m.

Bally Manufacturing rallied $1¼ to $43¼, **Del E. Webb** added $⅜ at $17¼ and **Resorts International A**, moved up $1¼ to $45¼.

Amdahl tumbled $6¼ to $28¾—it expects a breakeven second quarter and full year profits "materially below" those of 1978.

Canada

With the exception of Banks, which firmed 0.77 to 291.75 on Index, markets were broadly lower in moderate trading yesterday morning, when the Toronto Composite Index fell 9.1 to 1,561.1.

The Oil and Gas Index dropped 40.2 to 2,695.5, Golds gave way 4.0 to 1,945.3, Metals and Minerals 2.7 to 1,299.5, Utilities 2.44 to 235.80 and Papers 0.5 to 162.28.

Hudson's Bay Oil fell $1¼ to $70¼, **Dome Petroleum** $1¼ to $49¼, **Imperial Oil "A"** $1¼ to $34¾, while **Gulf Canada** at $56¾ and **Shell Canada** at $23¼ each slipped $¼.

Norcen Energy lost $¾ to $24¼. **Bell Canada** $¼ to $22¼ and **Transcanada Pipe** $¼ to $23¼.

Tokyo

Share prices closed sharply lower, led by Blue Chips and "populars" in dull trading.

The Market Average fell 94.97 to 6,065.19, in a volume of 120m shares. The Tokyo Stock Exchange Index closed at 437.97, down 4.26.

Investors were generally reserved on growing concern over a rise in crude oil prices and a possible credit squeeze in Japan.

Recently selected Oils and Mineral Resources fell sharply on liquidations and profit-taking. **Nippon Oil** dipped Y70 to 1480, **Koa Oil** Y63 to 667, **Mitsui Mining** Y50 to 641, **Teikoku Oil** Y38 to 731 and **Arabian Oil** Y280 to 4820.

Export-Orientated issues also declined, followed by Shippings, Chemicals and "Big-Capital" issues.

Switzerland

Prices eased slightly, reflecting the sharp rise of Swiss Wholesale Prices in May.

Swissair fell Fr 3 in Transports on some selling pressure.

Banks were little changed. Among irregular Financials, **Motor Columbus** were down ahead of the Press conference on the activities of its **Mobag** subsidiary scheduled later yesterday.

Industrie Holding fell on reported lower earnings and proposed dividend reduction, while **Oerlikon-Buehrle Bearer** rose Fr 25.

Insurances were off in light volume.

Chemicals were steady. In Metals and Engineerings, Sulzer Registered and Participation Certificate each pointed higher, while Alusuisse and Brown Boveri Bearer each eased.

Domestic and Foreign Bonds were slightly irregular.

Dollar stocks traded around previous New York closing levels. Dutch Internationals were barely steady, Germans narrowly mixed, while **Amgold** gained in South African Mining Financials.

Paris

Markets were mixed in quiet featureless trading.

Banks, Foods, Electricals, Chemicals and Oils were mixed, while Investments, Properties and Mechanical Engineerings firmed. Motors, Constructions, Metals and Department Stores eased.

La Redoute SA dropped FFr 15.9 to 47.0 after announcing net parent profit in year ended February 28 almost unchanged from last year.

In Foreign shares, Americans, Germans and Gold Mines were firm, Dutch were steady, while Oils and Coppers eased.

Germany

Movements were mixed as buying interest dried up during the later stages.

Chemicals were mostly higher, with **Schering** up DM 4, **Basf** DM 1.3 and **Bayer** DM 0.5.

Motors remained depressed, with **VW** down DM 4, **BMW** DM 1.50 and **Daimler** DM 0.5, while in Steels **Mannesmann** shed DM 0.2 but **Thyssen** were firm.

On the Domestic Bond Market, Public Authority issues were mixed showing gains of up to 15 pfennigs and losses of up to 30 pfennigs. The Bundesbank sold DM 3.6m worth of stock after purchases of DM 1.2m last Friday.

Mark Foreign Loans were also mixed.

Hong Kong

Stock prices fell across a broad front in thin trading, with the Hang Seng Index down 5.04 to 547.26.

Cheung Kong, down 30 cents to $HK10.70, **Wheelock Marden**, off 10 cents to 3.45, and **Hong Kong realty**, 7½ cents lower at 3.425, led the decline following market disappointment with their joint venture announced Friday which was less ambitious than generally anticipated.

Elsewhere, **Swire Pacific "A"** eased 5 cents to 8.10, **Jardine Matheson** 10 cents to 11.60, **Hong Kong Land** 10 cents to 7.20 and **Hong Kong Electric** 2½ cents to 4.525. **Hutchison Whampoa** added 2½ cents at 4.425.

Australia

Markets closed steady in generally dull trading.

BHP recovered eight cents to $A9.10 after its sharp fall last week, but **Bank of NSW** eased two cents to 3.37 as did **ANZ Bank** to 4.53.

The Government's decision to relax foreign Equity Rules for Uranium projects initially boosted **Western Mining** three cents to 2.26 but it partially reacted to 2.24.

Golds rose in line with the bullion price, with **Central Norseman** gaining 50 cents to $A27, while **GMK** put on six cents to 1.49.

Milan

A mixed trend prevailed, ahead of the closure of the monthly Account.

Most Industrial and Financial leaders lost ground, but **Fiat** rose slightly. **Assicurazioni Generali** were marginally lower in Insurances.

Bonds were little changed with Indexed Enel steady.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

June 8	June 7	June 6	June 5	1979 High	1979 Low
57.42	57.53	57.23	56.81	58.18 (10/4)	53.88 (27/2)

Rises and Falls	June 8	June 7	June 6
Issues Traded	1,898	1,911	1,904
Rises	698	1,011	984
Falls	737	496	512
Unchanged	463	404	408
New Highs	—	91	84
New Lows	—	16	27

MONTREAL	June 8	June 7	June 6	June 5	1979 High	1979 Low
Industrial	267.88	267.90	264.54	262.61	267.90 (7/6)	219.18 (2/1)
Combined	265.72	265.65	263.17	261.41	265.65 (7/6)	225.90 (2/1)
TORONTO Composite	1570.2	1570.9	1555.7	1537.9	1570.9 (7/6)	1315.8 (2/1)
JOHANNESBURG Gold	—	291.5	291.7	288.2	295.4 (29/5)	228.4 (17/4)
Industrial	—	317.7	316.1	315.2	338.0 (25/5)	270.5 (2/1)

	June 11	Previous	1979 High	1979 Low
Australia (*)	577.86	577.58	597.68 (19/3)	545.72 (2/1)
Belgium (‖)	105.58	105.97	106.09 (5/6)	98.80 (3/1)
Denmark (**)	94.98	95.08	97.22 (10/5)	88.52 (8/1)
France (††)	78.6	79.1	81.6 (2/5)	71.5 (16/2)
Germany (‡‡)	730.10	728.9	839.6 (16/1)	719.4 (7/6)
Holland (§§)	71.4	71.4	86.9 (24/1)	71.3 (7/6)
Hong Kong (¶¶)	547.26	552.30	568.90 (5/2)	493.85 (2/1)
Italy (‖‖)	76.43	76.80	80.01 (4/6)	68.38 (2/1)
Japan (a)	446.97	442.23	462.97 (31/1)	435.22 (10/4)
Singapore (b)	401.92	401.84	404.13 (28/5)	346.34 (26/2)
Spain (d)	—	95.51	111.68 (8/3)	93.03 (12/1)
Sweden (e)	354.39	352.57	401.34 (6/2)	347.72 (7/6)
Switzerld (f)	304.8	305.4	329.1 (2/5)	294.0 (3/1)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. * Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stock traded	Closing price	Change on day
Caesars World	1,379,900	28⅝	−3⅜
Bally Mfg.	570,300	41⅞	
Charter Co.	476,200	26½	+2⅛
McDonnell Douglas	451,800	20⅞	+⅝
Itel	425,600	11½	
Phillips Petrolm	415,700	36½	−2¼
Tescord	409,000	15⅝	+⅛
Tesoro	409,000	15⅝	+⅛
Champion Spark	315,600	12½	+¼
IBM	312,000	77⅞	

NEW YORK

CANADA

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ♠

COPENHAGEN ♣

OSLO

JOHANNESBURG

Financial Rand U.S.$0.92 (Discount of 21.9%)

PARIS

MILAN

VIENNA

SPAIN ♥

BRAZIL

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

COMMODITIES AND AGRICULTURE

Bangladesh raises jute prices

By Our Commodities Staff

...NGLADESH HAS raised its ...imum jute prices by up to ...er cent in anticipation of a ...rply reduced crop this year.

...rought conditions have ...ously affected the germina... of new crop plantings and ...year's harvest, which is due ...be gathered over the next ...or three months, could be ... per cent below normal, ...culture officials said.

...igher grades of jute are ex...ed to be worst affected and ...these which have suffered ...biggest price rises.

...e control prices for tossa ...have risen by up to £20 a ...e for "A" grade going up ...£247 to £267. "B" grade ...p by £15 to £252, "C" by ...to £237 and "D" by £5 to ...

..."A" and "B" grades of ...e jute are up £10 to £245 ...£235 respectively while ..."D" grades are up ...£214 and £199.

...ndon traders warned, how... that actual price rises ...be still higher.

...om Dacca, meanwhile, ...er reported that Bangla...'s month-long drought had ...broken by monsoon rains, ...ng fears of an imminent ...e in the country.

...derate to heavy rain was ...rted in all parts of the ...ry at the weekend and in ...east and south falls aver... one and a half inches on ...day.

...ather reports forecast ...er rain throughout Ban...sh over the next few days.

Palm oil output up

...LA LUMPUR—Peninsular ...ysian crude palm oil pro...on rose to 158,235 tonnes ...arch from 142,046 tonnes ...bruary and 100,518 tonnes ...rch 1978.

...tistics Department figures ...output for the first quarter ...79 totalled 440,448 tonnes ...st 359,905 tonnes in the ...period last year.

...ports of crude palm oil fell ...ly to 21,335 tonnes in ... from 22,522 tonnes in ...uary and crude oil stocks ...o 175,934 tonnes in March ... 168,973 in February and ... tonnes in March 1978.

Canadian producers curb world nickel price rise

BY JOHN EDWARDS, COMMODITIES EDITOR

FALCONBRIDGE Nickel of Canada confirmed yesterday it is raising its world price for nickel by 15 cents a lb—a similar increase to that announced by International Nickel last week. Cubaniquel-Habana, the Cuban nickel producer, said it has raised prices by a similar amount.

So the French-based Le Nickel group is now the only producer to have raised its price by the larger amount of 33 cents to $3.20 a lb for melting grade nickel compared with the new price of $3 announced by the other producers.

It is generally expected that Le Nickel will be forced to reduce its price increase to 15 cents to remain competitive with other suppliers, but the group may prefer to bide its time and see how the market situation develops.

It is not clear yet how soon full production can be restored at Inco's Sudbury mines after the nine-month stoppage there.

Nickel prices eased again on the London Metal Exchange yesterday with the three months quotation losing £37.5 to close at £3,225 a tonne.

Lead also lost ground again yesterday. A rise in LME warehouse stocks, up by 875 to a total of 16,775 tonnes, when a fall of some 300 tonnes had been forecast, encouraged further profit-taking selling. Cash lead fell by £12 to £678 a tonne.

A big fall in copper stocks, down by 9,225 to 209,575 tonnes, helped bring an early rise in prices. But profit-taking, prompted by a turnaround in New York, brought values back again and cash wirebars closed only £2.5 higher at £903.

Noranda of Canada confirmed office workers at its Gaspe mine had voted in favour of a settlement, reached at the weekend, and a full return to work has started, ending the seven-month strike there.

Aluminium opened firmer on an announcement by Alcan in Montreal that a conciliation meeting on the strike at three of its Quebec smelters had broken down without a settlement being reached. However, profit-taking sales brought an easier trend in later trading and cash aluminium closed £3 down at £796 a tonne. Aluminium stocks in LME warehouses rose by 675 to 23,350 tonnes. Zinc stocks fell by 2,050 to 68,350 tonnes, while LME silver holdings were unchanged.

Cool reaction to coffee losses

BY RICHARD MOONEY

LONDON COFFEE traders yesterday shrugged off a Brazilian Coffee Institute (IBC) estimate that last month's frost would cut the country's coffee production by 1.5m bags (60 kilos each) in the current season and 5.3m in 1980-81.

They were also unimpressed by news that Brazil had raised its minimum coffee export price by 25 per cent and the export tax by 23 per cent.

In its first official estimate of the damage done by the frost, which struck in the last two days of May, the IBC forecast that the 1979 crop would be cut to 19.5m bags from an expected 21m, and the 1980-81 crop to 19m from 24.3m.

But on the London futures market yesterday September delivery coffee ended only £1 higher on the day at £1,894.5 a tonne.

The price had risen to £1,915 a tonne in early dealings encouraged by an overnight frost warning in Brazil but subsequently subsided as frost fears faded.

London traders said the IBC damage estimates, announced on Sunday, were much as expected. *Shortly after* the frost local sources had warned that up to 8.5m bags of coffee might have been destroyed from the 1980-81 crop. But this was later moderated to between 5m and 7m bags.

And London dealers thought the damage was likely to be near the lower end of this range.

The new minimum export price of $1.81 per pound for July shipment plus the increased export tax of $103 a bag merely brings the price up to level already ruling in the world market for Brazilian coffee, the London sources said.

A report by one trade house, G. W. Joynson, forecast that coffee prices would settle back to between £1,500 and £1,600 a tonne by mid-September or October unless further severe frosts occured in Brazil.

"We feel that the loss of approximately 5m bags from the total world production could be considered as something of a blessing as it puts off the very difficult question of what to do with surplus production, quotas and support prices for at least another two years," the report said.

Joynson noted that coffee roaster's stocks are now substantially higher than they were at the end of April.

"Now that the weather has turned in Brazil we feel that roasters will be returning with a vengeance to their old hand-to-mouth method of trading," it added.

Wool pact approved

SYDNEY — Mr. Ian Sinclair, Australian Primary Industry Minister has approved the new agreement for wool freight rates from Australia to the UK and Europe.

The Wool Commodity Group negotiated a new system of rates with the Australia-to-Europe shipping conference in London in late May.

The agreement, giving rate concessions for densely packed wool, is effective for the three seasons from the end of the current 1978/79 season on June 30.

Mr. John Westmore, group director said comparisons with 1978-79 rates were difficult but it could be said a reduction of about 9 per cent had been achieved for 1979-80.

This estimate is subject to a rapid development towards the agreed objective of a density of about 14,000 kilos in conventional bales per 20-foot container in the first year.

● Australia's total wool production is expected to rise to 710m kilos in the 1979-80 season, beginning July 1, from 695.4m in 1978-79, according to Australian Wool Corporation, economist Mr. Bob Richardson. Reuter

EEC seeks long-term NZ deal

THE EUROPEAN Community is exploring the possibility of drawing up a long-term deal allowing access to the UK for New Zealand dairy products, mutton and lamb, Mr. Robert Muldoon, New Zealand Prime Minister, disclosed in London yesterday.

The idea, which was welcomed by Mrs. Thatcher at lunch yesterday, was launched by Mr. Finn Gundelach, EEC Agriculture Commissioner on his trip to New Zealand recently, Mr. Muldoon said.

Figures had been mentioned, but it would not be "helpful" to publicise them, the Prime Minister said.

Mr. Muldoon said Mrs. Thatcher had taken "a strong and very pleasing" attitude on the Community's future relations with New Zealand.

She believed the British housewife should continue to have access to traditional food supplies from New Zealand, and he had instructed Mr. Peter Walker, Agriculture Minister, to take "a strong and positive line" in pursuit of this.

Mr. Gundelach is understood to have proposed linking New Zealand dairy imports to a set proportion of British sales, but Mr. Muldoon objects to this idea because of fluctuations in the market caused by competition from margarine and other influences.

He also offered the prospect of reduced import levies on lamb if it were included in the proposed pact.

Mr. Muldoon said that initially Mr. Gundelach hoped to conclude a deal between 1980 and 1985.

And the Prime Minister also believed there could be room for growth in the tonnage of butter shipped to Britain.

The current agreement between the EEC and New Zealand, which has allowed in decreasing quantities of butter—but which does not include sheep meat—expires next year.

Big grain losses in Indonesia

JAKARTA—About 25 per cent of Indonesia's rice production last year was lost during post-harvest procedures, deputy chairman Salimun of the logistics board, said here.

TIMBER PRODUCTS

Rapid rise in global pulp use forecast

BY OUR COMMODITIES STAFF

RAPID EXPANSION in the use of wood for paper and pasteboard manufacture is expected in the next 20 years. UN Food and Agriculture Organisation specialists agreed at a recent meeting that by the turn of the century pulp and paper mills will absorb about half the world's wood produced for industrial purposes, compared with about a quarter at present.

There is a clear danger, however, that much of the Western world could find itself short of vital raw materials to feed its increased processing capacity.

The FAO experts forecast short-term expansion in world paper-grade pulp capacity at the rate of 2.5 per cent a year until 1983. Capacity will increase from 145m tonnes last year to 164m tonnes.

In their annual survey of the industry they also foresaw paper and paperboard capacity increasing at 3.7 per cent over the same five-year period from 168m tonnes in 1978 to 214m tonnes in 1983.

Expansion of facilities for making newsprint, which was slow in the past five years, is expected to gather pace and forge ahead at the annual rate of 3.9 per cent between 1978 and 1983, compared with 1.3 per cent a year in the previous five-year spell.

Capacity should rise by 5.5m tonnes from 26.5m to 32m tonnes in 1983.

The FAO figures are based on an annual review of reported plans for mill construction and starts made on new works reported by governments, industries and industry associations.

There is, however, a distinct danger that there may not be enough wood in the world to keep all the new mills and factories properly supplied.

The Organisation says that if properly managed, the world's forests should be able to provide enough wood and timber for paper-making and other industrial uses until the turn of the century. But after 2000 there are likely to be shortages of softwoods in Western Europe, the U.S. and Japan in particular.

There should still be a marked surplus of hardwoods, however, in a continuation of the present situation where there is already more industrially useful hardwood than soft available to the world.

● Prices of timber in Britain have increased in the past year but as much as 20 to 30 per cent, although a flood of lower quality grades has tended to depress foresters' earnings.

At a Forestry Commission auction in Scotland last week prices for best quality saw logs were about 36 per cent higher than a year ago—an increase which surprised even the experts who had been forecasting a rise closer to 15 per cent.

The market is at present oversupplied with small roundwood coming from young plantations which are being thinned. Prices are almost at a standstill.

This wood is used in the pulping and chipboard industries which have been hit by the recession. Over-capacity in the European chipboard and particle board industry has also helped depress prices.

Meat Commission attacked

BY CHRISTOPHER PARKES

THE BRITISH meat industry has lost all confidence in its main marketing, statistical and advisory service, the Meat and Livestock Commission, it was alleged yesterday.

And with veiled threats that they might withhold payments of the statutory levies on which the MLC subsists, slaughterhouse owners have called for an official investigation into the commission's workings.

A meeting of the Association of British Abattoir Owners voted yesterday to seek an urgent meeting with Mr. Peter Walker, Minister of Agriculture, "to advise him of the industry's total loss of confidence in the MLC commissioners and their executive, and to urge that there should be a thorough reappraisal of the MLC in the light of present-day industry requirements."

The attack on the hard-pressed commission is the second in two months, following a vote by the Federation of Fresh Meat Wholesalers in May to withhold payment of levies. The abattoir owners said yesterday they "support and unanimously endorse" this vote. And they stressed that the meeting with the Minister should be held before the end of June" when the current month's levy payments become due."

A spokesman said the association's members paid about half the total levies collected by the MLC.

Levies were recently raised, in the face of universal opposition from the farming and meat industries, to prevent the commission running hopelessly into the red.

Charges on cattle were raised 12p to 90p a head, the sheep levy was doubled to 16p and the charge on pigs rose 8p to 30p a head.

This year levy income is expected to total £8.7m, of which £4.8m will be spent on general operations and the balance on meat sales promotion.

The meat trade in general is happy with the spending on promotion, but wants sharp reductions in other general expenditure and says income could be raised by charging for special services not of general benefit to the industry.

In the year ended March 31 the MLC registered a deficit of £440,000 and without the levy increase would have lost more than £500,000 in the current year, Mr. Wally Johnstone, MLC chairman, warned recently.

In 1980-81 the deficit would have been £800,000 he said.

The MLC had no comment to make on yesterday's attacks, but Mr. Johnstone said recently individual companies would have to think carefully before refusing to pay statutory levies.

He also said that now was the time for maximum co-operation and minimum confrontation in the industry. British meat production and marketing techniques had to keep abreast of developments in other countries if they were to remain competitive, he said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	910-11	+6	902-4	+2.5
3 months	922-.5	+2.75	914-.5	+3
Settlem't	911	+5		
Cathodes				
Cash	882-4	+6.5	872-5	
3 months	904-5	+5	897-7	+2.5
Settlem't	884	+7		
U.S. Prod.			*81.49-8.20	

[illegible]

TIN—[illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7455-40	-7.5	7450-80	+30
3 months	7185-215		7195-215	+15
Settlem't	7440	-20		
Standard				
Cash	7435-40	-7.5	7450-80	+30
3 months	7170-90	-6	7180-85	+7.5
Settlem't	7440	-28		
Straits E.	$1980			
New York				

LEAD—Lost ground owing to profit-taking and stop-loss selling prompted by an unexpected rise in stocks. [illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	678-9	-13.5	677-9	-12
3 months	638-.5	-7	627-8	-8.25
Sett'ment	679	-13		
U.S. Spot			*54-8	

ZINC—Easier. [illegible]

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	369-70	+1.5	367-8	-3
3 months	379-80	+1.5	377-8	-3.25
S'ment	370	+1.5		
Prim. west			*39.5	

ALUMINIUM—Barely changed on balance. [illegible]

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	800-2	-7	795-7	-3
3 months	796-7	-6.25	792-3	-3

NICKEL—Easier. [illegible]

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot				
3 months	3251-9	-17.5	3220-30	-37.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 6.5p an ounce higher for spot delivery in the London bullion market yesterday at 417.2p. [illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	417.2p	+6.5	415.7p	+5.6
3 months	428.3p	+6.7	426.85p	+5.8
6 months	438.8p	+6.6		
12 months	457.7p	+8.7		

LME—Turnover 117 (262) lots of 10,000 ozs. [illegible]

COFFEE

Robustas opened £20-30 higher but failed to sustain the early rally although there had been a forecast on a light frost together with overnight news of substantial increases in registration and export prices from the IBC, reports Drexel, Burnham, Lambert. In the afternoon, continuous trade selling erased earlier gains further and prices soon fell below Friday's closing levels before settling at −5 +12 on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1898-00	—05.0	1935-1889
September	1894-95	+01.0	1915-1885
November	1899-00	—02.5	1915-1890
January	1898-99	+06.5	1910-1897
March	1880-88	+03.0	1895-1885
May	1879-80	+12.0	1885-1879
July	1875-80	+10.0	—

Sales: 5,791 (7,113) lots of 5 tonnes.

ICS Indicator prices for June 8 (U.S. cents per pound): Other Mild Arabicas 164.33 (162.17); Robustas ICA 1976 179.00 (175.00); ICA 1968 179.50 (175.50); Colombian Mild Arabicas 187.50 (185.50). Unwashed Arabicas 183.00 (181.00). Comp. daily ICA 1968 162.76 (180.11).

COCOA

After an initial advance of £10-20, profit-taking during late dealings pared gains for cocoa futures to close marginally above the day's lows, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1716-1717	+8.0	1730-1708
Sept	1741-1743	+4.5	1760-1736
Dec	1790-1792	−5.5	1810-1790
March	1803-1804	−6.0	1820-1800
May	1815-1830	+1.0	1834-1825
July	1830-1850	−5.0	—
Sep	1840-1870	−5.0	—

Sales: 3,518 (2,116) lots of 10 tonnes.

(U.S. cents per pound): Daily price International Cocoa Organisation June 8: 159.51 (159.62), indicator prices for June 11: 15-day average 157.41 *(156.80)*; 22-day average 154.85 (154.33).

GRAINS

LONDON FUTURES (GAFTA)—The market opened 20p higher in very active trading conditions. Values increased to close steady £1.05-1.10 higher on wheat and .95-£1.10 higher on barley *mainly in good country buying and* some Commission House short covering, *the main volume being in the* nearby options, Acli reported.

WHEAT			BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	93.15	−1.05	87.40	−1.1
Nov.	96.55	+1.1	91.10	−1
Jan.	100.20	−1.1	94.90	−0.85
Mar.	103.40	+1	98.15	+0.95
May	106.85	+1.1	101.40	+0.85

Business done—Wheat: Sept. 93.20-92.55, Nov. 96.45-95.50, Jan. 100.30-99.35, March 103.40-102.65, May 106.80-105.95. Sales: 341. Barley: Sept. 87.45-86.55, Nov. 91.20-90.40, Jan. 94.90-94.20, March 98.20-97.50, May 101.15-100.90. Sales: 295.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent June 94.50, July 94.25, August 94.25, Trans East Coast. U.S. Hard Winter 13½ per cent unquoted. EEC unquoted. Maize: U.S. French June 111.00 July 111.00. S. Africa White unquoted. S. Africa Yellow June 78.00, nom. Barley: English free fob Oct. Dec. 91.00, nom.

HGCA—Location ex farm spot prices. Feed barley. Cambridge 91.60.

The UK monetary coefficient for the week beginning June 18 is expected to remain unchanged.

RUBBER

EASIER opening on the London physical market. Steadier throughout the day, closing slightly easier. Lewis and Peat reported a Malaysian godown price of 315 (328) cents a kilo (buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
July	66.50-67.30	68.90-69.40	—
Aug	67.60-68.25	69.50-70.00	—
Jy-Sept	68.20-68.55	69.70-70.00	69.80-69.20
Oct-Dec	70.25-70.30	71.70-71.80	71.50-70.20
Jan-Mar	72.35-72.40	73.55-73.60	73.10-72.25
Apr-Jne	74.15-74.25	75.30-75.50	75.00-74.20
Jy-Sept	76.20-76.25	77.30-77.45	76.90
Oct-Dec	78.20-78.25	79.30-79.45	78.50-78.00
Jan-Mar	80.15-80.20	81.30-81.50	80.20

Sales: 380 (494) at 15 tonnes.

Physical closing prices (buyer) were: Spot 67.75p (same); July 70.75p (72.5); August 70.75p (72.5).

SOYABEAN MEAL

London market opened strong with gains of £2.00, reported T. G. Roddicks. Rumours of further Russian buying prompted good Commission House support, promoting prices close to contract highs.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	126.00	+0.50	—
August	132.70-33.0	+4.75	133.00-129.70
October	135.50-36.0	+6.20	135.60-131.80
December	136.80-37.1	+6.35	137.00-131.30
February	137.50-38.5	+6.60	135.00-134.00
April	137.00-40.0	+6.00	—
June	137.00-41.0	+6.25	—

Sales: 174 (31) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £102.00 (£100.00) a tonne cif for May-June shipment. White sugar daily price was £108.50 (£106.50).

The market opened little changed from pre-weekend levels and later moved ahead somewhat following strong New York quotations. However, the prompt August position continued to be well offered throughout the session and widened to £4.35 discount against October, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	105.75-08.80	107.75-07.80	109.00-08.00
Oct.	115.05-15.15	111.55-11.60	113.25-11.50
Dec.	116.80-17.00	115.25-15.30	170.50-15.30
March	121.90-22.00	120.15-20.20	122.20-20.50
May	124.50-25.00	121.60-22.75	125.00-24.25
Aug.	126.15-28.25	126.25-26.50	28.00
Oct.	161.50-32.00	128.00-30.50	—

Sales: 2,211 (1,272) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £171.50 (£170.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 8: Daily price 7.86 (7.87); 15-day average 7.81 (same).

WHITE SUGAR—Close (in order buyer, seller, business, sales): July 107.10, 07.50, 07.50-07.00, 89; Sept. 112.10, 12.30, 12.25-11.50, 44; Nov. 115.00, 15.10, 15.15-14.75, 35; Feb. 122.25, 22.30, 22.50-22.00, 47; April 125.05, 25.25, nil, nil; July 129.25, 29.50, 28.75, 29; Sept. 131.50, 33.00, nil, nil. Sales, 235.

JUTE

JUTE — Bangladesh control price raised. June-July c and f Dundee: BWC £258, BWD £236, BTC £266, BTD £248; c and f Antwerp June-July: BWB $565, BWC $534, BWD $500, BTB $583, BTC $555, BTD $519. Jute Goods—Firm. C and f Dundee July, 40 in. 10 oz., £12.85, 40 in. 7.5 oz., £9.94; "B" Twills £34.20.

WOOL FUTURES

LONDON GREASY—Close (in order buyer seller only). July 230, 220; Oct. 235, 220; Dec. 240, 220; March/May/July/Oct. Dec. 240, 230.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). July 200, 197; Oct. 202, 205; Dec./March/May/July Oct. Dec. 209, 203.

SYDNEY GREASY—Close (in order: buyer, seller, business, sales). Micron Contract. July 390.5, 392.0, 392.6-390.0, 26; Oct. 395.0, 396.0, 395.3-395.0, 21; Dec. 397.0, 398.0, 399.0-392.0, 34; March 403.5, 404.5, 405.0-403.5, 26; May 405.5, 406.5, 408.5-405.5, 34; July 407.0, 410.0, 410.0-409.0, 2; Oct. 408.0, 411.0, 410.0-410.0, 1; Dec. 410.0, 411.5, 411.0-411.0, 9. Sales: 153.

WOOL ADD —

BRADFORD—Dealers said business has improved slightly, though prices are still considered low compared with economic replacement costs.

TEA AUCTION

LONDON tea sale—52,105 packages were offered. Bright liquoring teas sold well at fully firm to dearer prices, particularly grainy dusts. Mediums were often 2p lower, while plain sorts lost 2p to 6p. Average price indications: quality 134p (136p) a kilo, medium 108p (110p), plain 73p (76p).

MEAT/VEGETABLES

MEAT COMMISSION—Average fat-stock prices at representative markets on *Saturday 9. GB cattle 87.79p per* kg. l.w. (+2.86). UK sheep 185.3p per kg. est. d.c.w. (−12.2). GB pigs 57.6p per kg. l.w. (−1.2). England and Wales: Cattle numbers up 18.3 per cent, average price 87.96p (+2.2). Sheep numbers up 38.5 per cent, average price 185.2p (−12.8). Pig numbers up 32.8 per cent, average price 57.4p (−1.1). Scotland: Cattle numbers down 5.1 per cent, average price 87.26p (+4.14). Sheep numbers up 0.9 per cent, average price 189 (+8.8). Pig numbers down 10.9 per cent, average price 61.1p (−0.7).

SMITHFIELD—Pence per pound. Beef. Scotch killed sides 65.0 to 69.0; Eire hind quarters 86.0 to 88.0; forequarters 42.0 to 44.0.

Veal: Dutch hinds and ends 98.0 to 101.0.

Lamb: English small 70.0 to 80.0; medium 70.0 to 80.0; Imported frozen NZ PL 52.0 to 52.5, NZ PM 51.0 to 52.0.

Hoggets: English 40.0 to 60.0; Scotch 40.0 to 60.0.

Pork: English, under 100 lbs 34.5 to 44.0; 100-120 lbs 34.5 to 42.5; 120-160 lbs 34.0 to 41.5.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.50; Cyprus: 5.00-5.80; Brazilian: 4.40-5.50; S. African: Navels 4.20-5.40. Lemons—Italian: 100/120s 4.80-5.00; Spania: Trays 30/40/45 1.80-2.20; S. African: 4.65-6.20; Brazilian: Trays 2.30. Grapefruit—S. African: 32/64 3.50-4.55. Apples S. African: Granny Smith 7.30-7.80, White Winter Pearmain 5.00, Starking 5.50-6.40, Golden Delicious 6.50-6.80; New Zealand: Cox's Orange Pippins 7.50-8.50, Golden Delicious 6.80, Red Delicious 7.00; Tasmanian: Jonathans 5.50-5.60, Cox's Orange Pippins 6.60-8.00, Golden Delicious 4.00-4.50. W. Australian: Granny Smith 7.26; Washington: Red Delicious per box 8.00-10.00 [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	June 11 1979	+ or —	Month ago
Metals			
Aluminium	£710/50		£710
Free Mkt (cs)	$1630/650		$1,580/60
Copper			
Cash w'bar	£906	+2.5	£948.25
3 mth	£914.5	+3.0	£955
Cash Cathode	£875.5		£937.5
3 mth	£896.25		£946.75
Gold troy oz.	$282.125	+2.5	$247.625
Lead cash	£676	−12	£574
3 mth	£627.5	−8.5	£537.25
Nickel	£3117.62		£2,728.75
Freemkt(cif)(lb)	300/30c		280/310c
Platin'm tr'y oz	£171		£171
Free mkt	£210.15	−3.15	£200.60
Quicksil'ver	$330/50		$290/300
Silver troy oz	417.2p	+6.5	392.4p
3 months	428.3p	+6.7	409.9p
Tin cash	£7,465	+30	£7,395
3 mths	£7,182.5	+7.5	£7,187.5
Tungsten	£137.52		£135
Wolfrm 22.04 cif	$145/50	+1.5	$159/43
Zinc cash	£367.5	−3	£384
3 months	£377.5	−3.25	£395.75
Producers	$845		$800
Oils			
Coconut (Phil)	$1,090r	+5	$1,120
Groundnut			
Linseed Crude	£386		£404
Palm Malayan	$660p	+5.5	$654.5
Seeds			
Copra Philip	$715x	+2.5	$730
Soyabean (U.S.)	$322.10r	+4.60	$301.5
Grains			
Barley Futures	£91.1	−1	£87.8
Maize			
French No 3 Am	£111	+1.25	£111.5
Wheat			
No. 1 Red Spg.	‡		‡
No2 HardWint.	‡		‡
Eng. Milling †	£107.5x		£104.5
Other commodities			
Cocoa ship't	£1,817	+8	£1,673.5
Future Sept.	£1,742	+4.5	£1,603.5
Coffee F't'r Sep	£1,894.5	+1	£1,550.5
Cotton A'index	75.1c	−0.20	75.35c
Rubber kilo	67.75p	−0.75	59.25p
Sugar (Raw)	£102	+2	£98
Wooltp's 64s kl	279p		285p

* Nominal. † New crop. ‡ Unquoted. *p* August. *r* July. *s* July-Aug. *t* June-July. *u* June. *w* Sept. *y* Nov. *x* Per ton. *z* Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, June 11.

Cocoa—July 153.55 (153.15), Sept. 156.75 (156.45), Dec. 159.80, March 160.90, May 161.70, July 162.60, Sept. nil.

Copper—June 81.70 (82.80), July 82.00 (83.10), Aug. 82.30, Sept. 82.60, Dec. 83.50, Jan. 83.55, March 83.80, May 83.90, July 84.00, Sept. 84.10, Dec. 84.20, Jan. 84.20, March 84.20.

*Gold—June 280.80 (280.50), July 282.60 (282.40), Aug. 284.60, Oct. 289.30, Dec. 293.90, Feb. 298.40, April 302.80, June 307.30, Aug. 311.80, Oct. 316.30, Dec. 320.80, Feb. 325.20, April 329.70.

*Platinum—June 428.00 (428.00), July 427.80 (426.20), Aug. nil, Oct. 428.60, Jan. 430.80, April 433.50, July 436.30, Oct. 439.00, Jan. 441.70.

Potatoes (round whites)—Nov. 62.3 (63.6), March 70.0 (71.5), April nil, May 89.1.

¶Silver—June 857.0 (856.0), July 860.0 (860.5), Aug. 867.4, Sept. 874.8, Dec. 894.3, Jan. 900.0, March 911.7, May 923.5, July 935.3, Sept. 947.1, Dec. 965.6, Jan. 971.6, March 983.4. Handy and Herman spot 859.50 (845.00).

Tin — Spot 695.00-715.00 asked (same).

CHICAGO, June 11.

Lard—Chicago loose 25.50 (25.75). New York prime steam not available.

Live Cattle—June 71.70 (71.90), Aug. 70.12 (68.32), Oct. 68.17, Dec. 69.27, Jan. 69.60, Feb. 70.40, April 70.70, June 72.00, Aug. 70.85, Oct. 70.60. Sales: 37,292.

Live Hogs—June 41.95 (42.05), July 40.92 (41.52), Aug. 37.70, Oct. 35.60, Dec. 36.90, Feb. 38.90, April 38.30, June 41.30, July 41.75. Sales: 7,243.

††Maize—July 276½-278 (277¼), Sept. 282-284 (280¾), Dec. 289-290, March 299-299½, May 302-302½, July 305.

Plywood—July 192.0 (192.3), Sept. 194.0 (194.2), Nov. 193.0, Jan. 195.1, March 197.7, May 199.4, July 201.6 nom., Sept. 201.6 nom., Nov. 201.4 nom.

Pork Bellies—July 42.72 (43.55), Aug. 40.82 (40.95), Feb. 49.05, March 49.00, May 49.50, July 50.20, Aug. 48.70. Sales 7,391.

Shell Eggs—June 57.25 (55.80), July 58.40 (57.75), Aug. 57.00, Sept. 61.40, Oct. 57.75, Nov. 61.50, Dec. 64.20. Sales: 136.

S'ilver—June 858.0 (861.0), July 859.0 (865.5), Aug. 865.0-4.0, Oct. 877.0-6.5, Dec. 890.0-889.0, Feb. 902.0, April 913.5, June 925.5, Aug. 937.0, Oct. 949.5, Dec. 960.5, Feb. 972.5, April 984.5, June 997.0, Aug. 100.95, Oct. 102.20, Dec. 103.45, Feb. 104.75, April 106.05.

‡Soyabeans—July 767½-766 (757½), Aug. 772-774 (762¾), Sept. 777-776, Nov. 775-774, Jan. 783-784½, March 795½-796, May 805, July 806.

‖Soyabean Meal—July 205.50 (202.90), Aug. 207.50-7.80 (204.80), Sept. 208.50-8.00, Oct. 209.00-95.0 bid, Dec. 210.30-0.80, Jan. 212.00-1.50, March 214.50, May 215.00-5.50, July 217.00-4.00 bid.

Soyabean Oil—July 26.85-.90 (26.21), Aug. 27.05-.10 (26.39), Sept. 27.30, Oct. 27.25-.30, Dec. 27.25-.35, Jan. 27.30-.35, March 27.45-.40, May 27.55, July 27.55-.65, Aug. 27.55.

‡Wheat—July 419-20 (403¾), Sept. 423-24½ (407½), Dec. 434½, March 442, May 439-439½, July 426.

WINNIPEG, June 11. §Rye—July 122.20 asked (118.70 bid), Oct. 121.90 asked (117.40 bid), Dec. 120.00 asked, May 120.50 bid.

§Barley—July 99.30 (96.20-.40), Oct. 96.10 (94.93), Dec. 93.70, March 93.40 bid, May 92.60 bid.

§Oats—July 99.00 asked (94.60), Oct. 94.60 asked (92.10-92.20), Dec. 92.50 bid, March 90.40 bid, May 89.50 bid.

§Flaxseed—July 346.50 bid (338.50 asked), Oct. 337.90 bid (327.90 asked), Nov. 331.00, Dec. 321.20 bid, May 322.50 bid.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 11.

Wheat—U.S. No. 2 Dark Hard Winter wheat 13.5 per cent [illegible] U.S. Hard Winter Wheat ordinary unquoted. N.S. No. 2 [illegible] $179, July [illegible] $179. U.S. [illegible] Wheat 14 per cent [illegible] $176, August [illegible]

Maize—U.S. [illegible] $135, Oct./Dec. [illegible] June $134.50 [illegible] Dec. $141, [illegible]

Soyabeans—U.S. [illegible] ports June [illegible] August $312 [illegible] *Nov. $307.75* [illegible] Feb. $3197.5, [illegible] May $325.50 [illegible] faq unquoted, [illegible]

[illegible]

INDICES

FINANCIAL TIMES

June 8	June 7	M'nth ago	Year ago
295.95	291.95	274.99	246.35

(Base: July 1, 1952=100)

MOODY'S

June 8	June 7	M'nth ago	Year ago
1090.7	1069.5	1063.1	920.8

(December 31, 1931=100)

DOW JONES

Dow Jones	June 8	June 7	Month ago	Year ago
Spot	412.98	410.61	392.12	357.60
F'tur's	418.55	414.83	394.07	350.14

(Average 1924-25-26=100)

REUTERS

June 11	June 8	M'nth ago	Year ago
1630.4	1616.0	1565.5	1517.6

(Base: September 18, 1931=100)

CORAL INDEX: Close 502-507

INSURANCE BASE RATES

† Property Growth 11¼%
† Vanbrugh Guaranteed 10.37%

† Address shown under Insurance and Property Bond Table.

Trade balance worries subside and eve-of-budget markets trade quietly but in more stable fashion

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 21	May 31	June 1	June 12
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10

* "New time" dealings may take place from 9.30 am two business days earlier.

A reluctance to enter new commitments ahead of the budget brought subdued trading conditions to equity markets yesterday, a situation which contrasted with a more stable trend in Government stocks where revived investment demand was encouraged by hopes that the Chancellor will include in his budget measures to reduce public spending.

Concern about the UK balance of payments, a factor which caused marked easiness in stock markets late on Friday, was allayed by financial Press views less harsh than anticipated on the £1bn deficit for the first four months of the year. Leading shares were opened slightly easier but gradually regained the losses to close a shade harder on balance.

The FT 30-share index was 1.4 off at 11 am, but reduced the loss to only 0.2 at 3 pm and after the official close actually improved further to end a net 0.7 up at 503.9. Trading announcements rarely enthused. Metal Box, in fact, providing a notable casualty with a fall of 16 to 312p following profits below analysts' estimates and a none-too-inspiring statement on prospects. AB Foods were also easier after preliminary figures, but the background elsewhere in equities was enlivened by pockets of activity among situation stocks. The mood of most investors, however, generally reflected caution ahead of the Chancellor's measures and the latest wholesale and retail prices indices had no noticeable influence on sentiment.

Dealing margins for Gilt-edged securities were quoted wider initially but they narrowed as demand revived. Business was compressed into the first hour or so, but buying interest, part of which represented bear-closing, was sufficiently weighty to leave gains extending to ¾ among the short-dated maturities and to ¼ in the mediums and longs.

Press comment drawing attention to the possible abolition, or relaxation, of exchange controls caused nervousness in the investment currency market where rates were already adjusting lower to sterling. Trade was brisk and the premium fell to 51½ per cent before rallying slightly towards the close to end a net 3½ points down at 52½ per cent. Yesterday's SE conversion factor was 0.8274 (0.8164).

Hambros firm

Interest in the banking sector was at a low ebb. After last week's rise of 30, Hambros edged forward 3 more to 311p on further small buying ahead of the preliminary results due later this month. The major clearers plotted an irregular course with Barclays still unsettled by the poor interim results from its subsidiary Barclays International, closing 3 off at 452p, but NatWest ending a couple of pence harder at 352p. Hire Purchases traded lower. Lloyds and Scottish relinquished 3 to 129p and Provident Financial eased 2 to 97p.

Insurances lacked support and drifted lower. Sun Alliance led the retreat at 546p, down 18. GRE gave up 6 to 238p, Royals 5 to 370p and Eagle Star 4 to 155p.

Small nervous selling awaiting today's Budget prompted fresh dullness in the Brewery leaders. Allied, results due today, eased 1½ to 91½p. Bass gave up 4 to 212p and Whitbread "A" 3 to 124p. Elsewhere, renewed bid speculation left Highland 6 to the good at 107p.

Occasional selling and lack of investment enthusiasm gave Building descriptions a generally drab appearance. Recent high-flyer Brown and Jackson encountered further profit-taking and fell to 205p before late support lifted the price to 217p for a net fall of 13. Redland shed 3 to 201p and FPA Construction relinquished 2 to 15p. Despite the higher annual profits, Craig and Rose held at £11½. Elsewhere, BPB and Tunnel "B" eased 4 apiece to 314p and 292p respectively, but Milbury, annual results next Friday, improved 2 to 72p.

A small busines was transacted in ICI which cheapened 3 to 369p. Among other Chemicals, adverse Press comment left Leigh Interests with a fall of 7 at 102p but, awaiting Thursday's annual results, Plysu put on 10 to 163p. Scrappy selling clipped 6 from Brent to 226p and 10 from Hickson and Welch to 222p.

Church up

Leading Stores encountered a quiet session in front of the budget but closed firmer for choice. Mothercare added 4 to 182p and Marks and Spencer hardened 2 to 117p, the latter with the help of Press comment. Elsewhere, Cantors "A" moved up 4 to 58p in a thin market, while Church found fresh support and finished 8 higher at 212p.

Electricals trended easier in quiet trading. United Scientific turned dull at 302p, down 6, while Ferranti drifted off to close 8 cheaper at 420p and losses of 5 were recorded in Eurotherm, 340p, Pye Holdings, 107p, and Telephone Rentals, 189p. Among the leaders, GEC eased to 376p before closing only 2 down on balance at 377p. Plessey firmed 2 to 114p stimulated by Press mention.

Interest in the Engineering sector was at an extremely low ebb and leading issues rarely strayed far from last Friday's closing levels. Elsewhere, G. Whitehouse were noteworthy for a gain of 15 at 205p on revived speculative demand. Averys were also firm at 274p, up 4, but the majority of other movements were against holders. Staveley met sporadic selling and gave up 8 to 332p, while Vosper, a firm market of late, reacted 4 to 243p. Similar falls were marked against Braithwaite, 83p, B. Elliott, 230p, and Desoutter, 132p.

Steady awaiting the annual results, Associated British Foods gave ground on the announcement of profits at the lower end of market estimates and finished 4 down at 75p. Rowntree Mackintosh eased 6 to 442p on occasional selling while Cartiers came on offer and eased 4 to 119p.

Grand Metropolitan were quoted at 138p ex the rights issue; the new nil paid shares opened at 12½p premium and slipped to 10p premium, before settling at 12p premium. Among other Hotels and Caterers, lack of support left Prince of Wales 3 easier at 97p and Savoy "A" 2 cheaper at 116p, but second thoughts about the annual results prompted a gain of a couple of pence to 132p in Rowton. A Press mention failed to stimulate interest in Queen's Moat Houses which slipped ½ to 41½p.

Metal Box fall

Miscellaneous Industrials were featured by a fall of 16 to 312p, after 308p, in Metal Box in reaction to disappointing preliminary figures and the accompanying cautious statement. Other leaders generally marked time, but small offerings ahead of Friday's annual figures left Pilkington 8 down at 335p. Glaxo, however, improved 5 to 475p. Elsewhere, Press comment prompted respective gains of 5 and 6 in Caravans International, 72p, and Harris and Sheldon, 50p, while Triefus rose 6 more to 137p on further consideration of the good results and proposed 3-for-2 scrip-issue. Reflecting the return to profitability, Charles Hill of Bristol firmed 5 to 55p. Avon Rubber, 160p, and Lawtex, 76p, rose 4 and 3 respectively and Royal Worcester put on 6 to 203p. Awaiting further news of the bid approach from BTR, Bestobell succumbed to profit-taking and ended 7 down at 205p; BTR lost 5 more to 328p. Profit-taking also accounted for the fall of 8 to 212p in Cawoods and the decline of 5 to 360p in Ricardo. Thermal Syndicate also dipped 5, to 140p, as did Kelsey Industries, to 141p.

Press comment highlighting bid possibilities prompted a gain of a penny to 42p in Warner Holdings "A" but small selling in a thin market left Horizon Midlands 8 down at 215p.

Renewed speculative interest lifted Zenith Carburetter 7 to 57p, but E.R.F., annual results due next Tuesday, eased 4 to 113p. Among Garages, the poor annual profits left Caffyns 10 lower at 116p.

Awaiting annual results due today, Associated Newspapers eased 2 to 228p. Small selling left Liverpool Daily Post 4 off at 127p. Saatchi and Saatchi put on 7 to 222p; the interim results are due tomorrow. In Paper/Printings, late selling prompted a reaction of 5 to 118p in McCorquodale.

Following the major boardroom reshuffle, dealings resumed in Churchbury Estates which opened at 395p compared with the suspension price of 370p and progressed to 430p before settling at 425p. Property and Reversionary firmed 40 to 470p and the A added 10 to 440p on the enfranchisement proposals which accompanied the annual results. Elsewhere in Properties, profit-taking clipped 5 from Bernard Sunley, 390p, while occasional offerings left Regional A 3 cheaper at 115p and Property Security Investment 4 off at 162p. Mountview Estates shed 5 to 134p, as did Bradford, to 422p.

Quietly dull for most of the day, Oils rallied a few pence in the late dealings. Down to 1218p at one stage, British Petroleum closed 4 off on balance at 1222p, but Shell, depressed by selling from the U.S. late last Friday, finished at the day's lowest of 364p, down 12. Outside the leaders, Oil Exploration gave up 4 to 270p, but Burmah ended 3 firmer at 131p, after trading around 127p throughout most of the session.

Trusts closed a few pence lower throughout the list, but a few bright spots occurred in Financials where Fashion and General responded to Press mention with a gain of 7 to 175p. Reflecting the companies' plantation interests, Yule Catto rose 10 to 112p and Majedie 4 to 90p.

Shippings tended easier, but Walter Runciman moved up 4 to 81p following week-end Press mention.

Still reflecting news that Birmingham and Midland Counties Trust had increased its holding in the company to near 30 per cent, David Dixon again featured Textiles with a fresh rise of 9 to 172p. In contrast, profit-taking after the recent rise on bid speculation left Sirdar down 7 at 115p. Press mention prompted firmness in Towles, 95p, and Parkland, 91p, up 3 apiece. Among Carpets, Homfray weakened 4½ to 30½p on the passing of the interim dividend and gloomy statement on trading, while Youghal gave up 1½ to 30p on the increased annual loss.

After last week's activity and firmness which followed a London trade house's forecast that the commodity price may rise by up to 50 per cent in the second half of the year, Rubbers quietened considerably yesterday and generally closed easier for choice. Anglo-Indonesian dipped 5 to 130p following the results, while Guthrie, which reported satisfactory figures last week, softened 3 to 617p. Elsewhere, Lunuva declined 5 to 310p but Urogate, dealt in under special rule 163 (2), hardened 2 to 180p, after 183p, following Press comment.

Demand for Golds

Renewed strength in the bullion price — finally $2.50 better at a record $282.125 an ounce — prompted widespread gains in South African Golds.

Rises were held back in sterling terms, however, reflecting the decline in the investment premium in front of the budget. Consequently, the Gold Mines index showed a 3.0 gain at 204.8, while the ex-premium index advanced 4.8 to 169.5.

Prices were marked up at the outset reflecting a good U.S. demand late on Friday evening. Thereafter they improved throughout the day following strong buying from London, Johannesburg and the Continent. Towards the close and in the late after-hours' trade modest American profit-taking left prices a fraction below the day's best.

Among the heavyweights rises of ½ were common to President Brand and Western Holdings at £10½ and £20½ respectively. In the medium and lower-priced issues, the Gold Fields group producers all attracted good support in front of today's dividend declarations. Doornfontein, 425p, and Venterspost, 305p, were both around 14 firmer, while Kloof added 5 at 821p and East Driefontein 4 at 880p.

South African Financials were similarly affected by the lower investment premium. De Beers closed 6 lower on balance at 444p, after 452p, while UC Investments were a like amount cheaper at 348p. On the other hand Johannesburg interest left Middle Wits 20p better at a 1979 high of 300p.

The fall in investment currency rates affected Australians. The Rundle oil shale partners were additionally weakened by profit-taking, which lowered Central Pacific by 30 to 700p and Southern Pacific by 20 to 265p.

FINANCIAL TIMES STOCK INDICES

	June 11	June 8	June 7	June 6	June 5	June 4	A year ago
Government Secs.	72.85	72.90	73.16	72.91	72.60	72.93	70.72
Fixed Interest	74.48	75.00	75.13	75.07	75.01	75.20	72.43
Industrial	503.9	503.2	514.0	516.9	509.3	510.9	472.2
Gold Mines	204.8	201.8	206.8	208.4	203.2	194.3	158.9
Gold Mines(Ex-$ pm)	169.5	164.7	165.7	169.5	167.4	160.5	105.1
Ord. Div. Yield	5.64	5.64	5.75	5.71	5.77	5.78	5.61
Earnings, Yld. % (full)	15.39	15.39	15.08	15.04	15.24	15.26	16.35
P/E Ratio (net) (*)	8.32	8.32	8.49	8.51	8.40	8.39	8.18
Total bargains	17,722	16,885	16,756	18,911	15,864	16,077	—
Equity turnover £m.	—	90.97	90.97	80.67	71.62	88.38	68.70
Equity bargains total	—	14,362	14,231	13,421	11,708	15,388	16,466

10 am 502.1. 11 am 501.8. Noon 502.0. 1 pm 503.0. 2 pm 503.0. 3 pm 503.0.
Latest Index 01-246 8026.
*Nil=8.01.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.64 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/6)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (15/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	169.5 (6/6)	95.8 (2/11)	337.1 (3/4/74)	54.3 (25/8/76)

S.E. ACTIVITY

	June 11	June 8
—Daily		
Gilt Edged	118.7	113.9
Industrials	147.9	158.9
Speculative	36.4	34.6
Totals	97.1	88.6
5-d'y Av'r'ge		
Gilt Edged	105.1	100.9
Industrials	158.4	142.2
Speculative	38.6	38.2
Totals	91.0	91.5

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1150	110	1	144	1	—	—	1218p
BP	1200	74	7	116	—	160	—	"
BP	1300	20	8	66	2	100	—	"
Cons. Gold	240	30	7	41	9	46	—	264p
Cons. Gold	260	15	22	25	—	33	—	"
Cons. Gold	280	6	8	14	—	23	—	"
Courtaulds	100	6½	5	11	—	14	—	100p
Courtaulds	110	2½	2	6	—	9	—	"
Courtaulds	120	1½	13	2½	8	6	—	"
GEC	360	33	5	49	—	—	—	375p
GEC	390	15	2	31	6	50	1	"
GEC	420	6	13	20	—	37	5	"
GEC	460	3	45	12	—	27	—	"
Grand Met.	138	7½	7	14	9	17	20	137p
Grand Met.	173	1	—	3	20	7	—	"
Land Secs	300	8	4	26	—	42	—	295p
Land Secs	330	2½	1	13	—	26	—	"
Marks & Sp.	70	49	7	—	—	—	—	117p
Marks & Sp.	80	39	28	42	—	—	—	"
Marks & Sp.	110	12	28	19	10	23	—	"
Marks & Sp.	120	6	—	12	15	17	20	"
Marks & Sp.	130	2½	22	7	—	13	—	"
Shell	350	30	1	40	—	52	—	364p
Shell	375	15	14	30	25	40	—	"
Shell	400	8	2	19	4	30	—	"
Totals			252		109		46	
		August		November		February		
BOC Intl.	80	4	10	6	25	8	—	77p
Boots	220	4	—	10	—	13	5	200p
Boots	240	1½	2	4½	—	—	—	"
EMI	100	15	—	18	1	28	—	104p
EMI	110	9	—	14	6	20	10	"
EMI	120	6	—	10	10	17	1	"
EMI	130	4	—	7	10	—	—	"
Imperial Gp	90	8½	10	10½	—	13	—	92p
RTZ	280	44	8	58	5	—	—	311p
RTZ	360	9	6	18	—	—	—	"
Totals			36		57		16	

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (37)

AMERICANS (1)
Tesoro
CANADIANS (3)
Hawker Siddeley Can. Trans Can. Pipe
Inland Nat. Gas
BEERS (1)
Highland Distilleries
BUILDINGS (2)
Burnett & Hallamshire Crouch (D.)
CHEMICALS (1)
Halstead (J.)
STORES (4)
Cantors "A" Menzies (J.)
Church Sumrie
ENGINEERING (2)
Averys Whitehouse
INDUSTRIALS (8)
BBA Group Leadenhall Sterling
Berwick Timpo Lep Group
French (Thos.) Sharna Ware
Jacksons Bourne End Triefus
PAPERS (2)
Ceers Gross Saatchi & Saatchi
PROPERTY (2)
Churchbury Ests. Prop. & Rev. "A"
SHIPPING (1)
Runciman (W.)
TEXTILES (1)
Leigh Mills
TOBACCOS (1)
Dunhill (A.)
TRUSTS (4)
Fashion & General Scot. & Merc. "A"
Hambro Trust Yule Catto
OILS (1)
Gas & Oil Acreage
OVERSEAS TRADERS (1)
African Lakes
MINES (2)
East Rand Prop. Mincorp

NEW LOWS (25)

BANKS (1)
Algemene Bank
CHEMICALS (1)
Revertex
STORES (1)
Home Charm
ELECTRICALS (2)
Decca Petbow
ENGINEERING (4)
Boulton (Wm.) Record Ridgway
Hopkinsons Tex Abrasives
HOTELS (1)
Borel (J.)
INDUSTRIALS (5)
Dykes (J.) Monsanto 5pc '82-85
Jardine Matheson Redfearn Nat. Glass
Mathesons 7¼pc
INSURANCE (1)
London United
LEISURE (1)
Saga Holidays
MOTORS (3)
Rolls-Royce Lookers
Volvo
PAPER (2)
British Printing Smurfit (Jefferson)
TRUSTS (2)
Scottish Western "B" Tribune Invest.
MINES (1)
Anglo-American Coal

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	77	1	7
Corpns Dom. and Foreign Bonds	1	27	35
Industrials	138	411	867
Financial & Prop.	21	236	248
Oils	3	18	17
Plantations	2	11	19
Mines	48	35	58
Others	12	90	37
Totals	302	830	1,289

APPOINTMENTS

Staveley deputy chairman

Dr. A. Frankel has been appointed deputy chairman of STAVELEY INDUSTRIES and continues as managing director. Mr. B. H. Kent, an executive director of the company, has become deputy managing director.

★

Mr. P. J. Saunders has been appointed a director of the BRISTOL EVENING POST.

Mr. J. Coxon has been appointed to Board of CGSB HOLDINGS.

★

Mr. C. G. R. Hall has resigned from Board of NEGRETTI AND ZAMBRA.

★

Mr. David G. Glasgow has been appointed assistant executive director, investment marketing services, and Mr. Patrick O'Keeffe, assistant executive director, life operations, of ABBEY LIFE ASSURANCE COMPANY.

★

Mr. Douglas Horner, a director of Barclays Bank and a vice-chairman of Barclays Bank UK Management, has been appointed to the board of the MERCANTILE CREDIT COMPANY in succession to Mr. Gordon Adam, deputy chairman of Barclays Bank Trust Company and also a director of Barclays Bank UK Management.

★

PLESSEY DEFENCE SYSTEMS has been formed as a division of the Plessey Company and it will operate under the management of Plessey Electronic Systems. Mr. R. G. Paterson, at present chief executive of Plessey Telecommunications Systems, will become managing director of the new division from July 1. He will continue as chief executive of Project Ptarmigan, which will be centred in the division and retain its identity with Major-General H. E. Roper as director and general manager.

★

Mr. Alan Whipman has been appointed financial director of TRIO LABORATORIES and joins the company on July 1 from Varta.

★

Mr. David Newbigging, chairman and senior managing director of Jardine Matheson and Co., has been appointed to the Board of Governors of the ASIAN INSTITUTE OF MANAGEMENT.

★

Mr. Guy Dixon has been appointed managing director of ELECTRONIC LABORATORIES, a subsidiary of the Brocks Group of Companies. He is also a director of the London International Boat Show and chairman of the British Boating Industry Export Committee.

★

Mr. James Anderson has been appointed 1979-80 president of APPEAL FOR THE COTTAGE HOMES, the charity for retail distributive trades. Mr. Anderson is deputy chairman of

Dr. A. Frankel

Romanes and Paterson, of Edinburgh. He is at present a vice-president of the Scottish Retail Drapers Association and chairman of the Scottish Cottage Homes Committee and a member of the Board of Management.

★

HARVEYS OF BRISTOL states that Mr. Jeffrey Palmer, UK sales and marketing director, has become a director of its subsidiary, A. DELOR ET CIE OF BORDEAUX. Mr. David Orr, at present deputy managing director of member company, Cockburn Smiths and Cia. Lda. in Oporto, has been appointed a director of John Harvey and Sons (Espana) and will take up his new position in July.

★

Mr. Tom Leslie has become district manager at UNITED RUM MERCHANTS and takes over the Central London area from Mr. Campbell Heinemann, who has retired. Mr. Leslie was previously with Canada Dry (UK).

★

Mr. David L. Carver has been appointed managing director of CARVER AND CO. (ENGINEERS) in place of Mr. Joseph Carver, who remains a director.

★

Mr. Denys Petchell is to retire and relinquish his duties as an executive director of COSALT at the end of this year. He joined the Board of that company when it took over Orbit Holdings in 1974.

★

Mr. D. O. Wood has resigned as a director of the DICKINSON ROBINSON GROUP and its subsidiary and associated companies for personal reasons. Mr. A. F. Llewellin, formerly operations director, has been appointed managing director of DRG Tapes and Adhesives.

★

The managers of BARCLAYS BANK'S three largest branches, whose status is equivalent to a local director, have been redesignated branch directors. They are: Mr. D. T. Mowat (54 Lombard Street); Mr. J. R. Grose and Mr. D. A. H. Saddington (68 Lombard Street); Mr. A. Waterhouse and Mr. W. A. J. Lower (City office). Similar status goes to Mr. W. J. Carley (manager, Pall Mall) and Mr. G. D. Cracknell (manager, 415 Strand), who are also redesigned branch directors.

★

The BBC has appointed Mr. Anthony Howard as editor of the Listener, from August 20.

★

Ir. U. P. Rijk has become sole managing director of CIAGO b.v., Arnhem, a subsidiary of the BF Goodrich Company and he will report to Mr. C. S. van Domburg, director operations of B F Goodrich Chemical-Europe b.v.

★

Mr. Michael D. Wilsdon has been appointed managing director of EMRB, market research agency, a subsidiary of British Market Research Bureau. He has been acting manager since the death of Mr. Paul Berent in January this year.

★

Mr. R. T. Burgess, Mr. D. G. Chambers, Mr. F. G. Davies, Mr. B. E. Elliott, Mr. M. C. Maxwell and Mr. W. Moss have been appointed to the Board of J. H. RAYNOR (Mincing Lane) a subsidiary of S. and W. Berisford. Mr. Burgess continues as secretary.

★

Mr. Stanley A. Dovey has taken over as chief executive of the PARKER PEN COMPANY in the UK with appointment as director and general manager following the death last month of Mr. Arthur F. Marsden, managing director. Mr. Dovey, who joined the company in 1951, was previously general production manager.

Mr. Stanley Dovey

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 30	Jun. 11	Aug. 23	Sep. 4
Jun. 12	Jun. 25	Sep. 6	Sep. 18
Jun. 26	July 9	Sep. 20	Oct. 2

For rate indications see end of Share Information Service

Calls were arranged in Tesco, Burmah Oil, W. E. Norton, Lofs, Carless Capel, EMI, British Vita, Burton "A," Associated Tooling, Scottish and Newcastle, Wankie Colliery, National Carbonising, Parkland Textile "A," Courtaulds, GEC, Laurence Scott, Comfort Hotels and Lasmo. Ladbroke Warrants were dealt in for the put, while double options were transacted in Marlborough Property and Burton Warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	13	1222	− 4	1246	882
GEC	25p	8	377	− 2	456	311
Beecham	25p	7	563	—	755	558½
Allied Breweries	25p	6	91½	− 1½	102	80
Barclays Bank	£1	6	452	− 3	514	360
Grand Met. "New"	Nil/pd.	6	12pm	—	12½pm	10pm
Lloyds Bank	£1	6	332	− 3	360	272
Marks & Spencer	25p	6	117	+ 2	134	83
RTZ	25p	6	312	− 3	362	226
Royal Insurance	25p	6	370	− 5	443	325
Unilever	25p	6	614	− 2	680	520
Armitage Shanks	25p	5	86	− 1	89	71
Boots	25p	5	199	—	238	184
ICI	£1	5	369	− 3	415	346
Shell Transport	25p	5	364	−12	402	278

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	11/7	91	78½	B & Q (Retail) 5p	80	−1	2.46	2.8	3.1	17.2
‡115	F.P.	—	207	137½	††Baker (John)	200	......	12.0	—	9.0	—
‡‡	F.P.	22/6	53	51	Fulcrum Inv. Income	52	......	64.0	—	11.5	—
‡‡	F.P.	22/6	4½	3	Do. Capital 2½p	4¼	......	—	—	—	—
•	F.P.	—	57½	39½	Rock Darham	39½	−1	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
30p	F.P.	11/5	21¼p	18p	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	18p	......
100	—	—	2pm	1pm	Marsh'll's Univ'rs'l 7½% Cnv. Cum. Red. Prf.	1pm	......
100	£10	30/8	12	11½	Portsmouth Water 8% Red. Prf. 1984	11½	−¼
100	F.P.	11/5	118½	108	Slough Ests. 8% Cnv. 1991-94	109	− 2
98	£25	23/8	25¼	24¾	York Water 12% Deb 1986	24½	−¼

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing price p:	+ or −
26½	F.P.	14/5	8/6	35½	30½	Davis & Metcalfe 'A'	32	......
25	F.P.	8/6	6/7	51pm	40pm	Edwards (Louis C.)	51	+5
126	Nil	—	—	12½pm	10pm	Grand Metropolitan	12pm	......
12	F.P.	1/6	29/6	15½	14	Hampton Trust	15	−½
154	Nil	22/6	27/7	17pm	15pm	MEPC	15pm	−1
34	F.P.	24/4	13/6	59	48	Norfolk Cap. Hotels	50	......
85	Nil	—	—	36pm	18½pm	P.M.A. Holdings	32pm	−2
210	Nil	—	—	50pm	40pm	Peterson Tennant	40pm	......
20	F.P.	—	—	43½	39	Provincial Laundries	41	−1½
118	F.P.	1/6	29/6	126	115	Pullman (R. & J.)	115	−1
60	Nil	—	—	26pm	25pm	Scotcros	35pm	......
115	F.P.	11/6	2/7	138	131	Scot. Met. Prop.	131	−2
265	Nil	15/6	27/7	30pm	19pm	Simon Engineering	15pm	−4
20	F.P.	27/4	15/6	32	27	Singlo Holdings	27	−1
150	Nil	15/6	13/7	5pm	3pm	Smurfit (Jefferson)	3pm	−1
455	F.P.	4/6	6/7	507	482	Standard Chartered Bank	483	−11
138	Nil	18/6	9/7	7pm	1½pm	Tilling (Thomas)	1½pm	−1
175	F.P.	23/5	4/7	249	210	Tricentrol	232	−2
93	F.P.	7/6	13/7	105¼	100	UDS	101	−1
20	Nil	19/6	15/7	5½pm	2½pm	Weeks Associates	2½pm	−½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Mon., June 11, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri., June 8 Index No.	Thurs., June 7 Index No.	Wed., June 6 Index No.	Tues., June 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	261.81	−0.6	16.26	5.36	8.05	263.45	267.22	268.09	265.51	214.65
2	Building Materials (27)	246.51	−1.0	16.25	5.64	8.22	248.96	251.81	251.39	249.36	187.83
3	Contracting, Construction (28)	400.35	−0.4	22.47	5.41	5.60	401.86	403.94	405.86	405.80	346.48
4	Electricals (14)	614.17	−0.5	12.66	3.11	10.84	617.37	635.32	641.87	633.58	457.25
5	Engineering Contractors (12)	386.38	−1.8	18.76	6.27	6.83	393.38	394.48	394.98	396.27	317.59
6	Mechanical Engineering (75)	198.03	−0.4	16.71	5.87	7.78	198.86	200.73	200.70	197.94	175.25
8	Metals and Metal Forming (16)	179.53	−0.4	17.99	8.68	6.97	180.27	181.59	181.89	180.83	163.28
	CONSUMER GOODS										
11	(DURABLE) (52)	242.94	−0.7	14.42	4.50	9.18	244.58	247.11	248.56	247.15	197.44
12	Lt. Electronics, Radio, TV (16)	329.25	−1.0	11.22	3.24	12.56	332.53	334.86	336.73	334.61	230.19
13	Household Goods (12)	171.74	−1.1	16.27	7.05	8.23	173.69	173.95	175.01	173.78	179.73
14	Motors and Distributors (24)	125.75	+0.1	21.07	6.74	5.86	125.57	128.05	128.89	128.37	126.36
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	244.53	−0.2	15.24	5.55	8.47	245.01	248.58	249.35	246.10	201.06
22	Breweries (14)	275.27	−1.5	14.32	5.64	8.94	279.45	284.69	285.98	282.16	[illegible]
23	Wines and Spirits (6)	304.92	−0.2	15.41	4.91	9.46	305.43	310.29	311.97	304.98	254.24
24	Entertainment, Catering (17)	317.00	—	14.82	6.50	8.94	316.86	322.85	325.85	319.28	257.22
25	Food Manufacturing (19)	225.36	−0.9	17.35	5.04	7.36	227.49	229.19	228.14	225.26	197.17
26	Food Retailing (15)	301.41	−0.5	11.03	4.00	12.01	302.86	304.94	305.35	303.65	[illegible]
32	Newspapers, Publishing (12)	445.11	−0.8	20.98	5.82	6.78	448.65	453.36	454.24	454.40	371.66
33	Packaging and Paper (15)	140.04	−1.8	20.61	8.30	6.21	142.61	144.21	144.55	143.46	133.88
34	Stores (41)	251.66	+0.7	11.19	4.04	12.03	249.99	253.27	254.83	250.54	177.84
35	Textiles (23)	177.25	−0.2	19.74	8.84	6.61	177.53	179.15	180.36	178.88	181.15
36	Tobaccos (3)	241.51	+0.6	23.52	8.52	4.88	240.03	248.15	250.09	246.65	252.29
37	Toys and Games (6)	79.37	+0.4	28.51	8.56	4.21	79.02	78.86	77.46	76.99	107.75
41	OTHER GROUPS (99)	214.31	−0.5	14.80	5.98	8.38	215.42	217.83	218.44	216.83	198.56
42	Chemicals (18)	299.77	−0.8	16.99	6.58	6.87	302.31	308.04	309.86	305.21	285.55
43	Pharmaceutical Products (7)	231.16	+0.2	11.89	4.94	10.48	230.82	233.67	235.58	232.95	256.61
44	Office Equipment (6)	128.20	+0.1	15.98	6.40	7.89	128.01	128.71	129.64	128.65	134.14
45	Shipping (10)	487.00	−0.5	9.69	6.38	13.97	489.52	498.47	493.03	483.89	432.20
46	Miscellaneous (58)	255.75	−0.7	15.00	5.79	8.68	257.48	258.39	258.19	256.45	204.16
49	INDUSTRIAL GROUP (494)	248.91	−0.4	15.34	5.52	8.39	249.94	253.29	254.12	251.29	210.42
51	Oils (6)	670.26	−1.6	11.77	3.27	9.03	681.33	696.75	695.51	676.40	486.68
59	500 SHARE INDEX	283.07	−0.6	14.71	5.13	8.49	284.86	289.14	289.82	285.76	233.37
61	FINANCIAL GROUP (115)	196.44	−0.7	—	5.37	—	197.87	199.89	201.98	199.54	164.10
62	Banks (6)	237.14	−0.2	28.08	5.11	4.60	237.59	240.59	244.43	239.80	189.51
63	Discount Houses (10)	246.26	−0.9	—	7.78	—	248.46	249.09	249.41	248.54	213.52
64	Hire Purchase (5)	184.01	−2.2	18.05	4.91	7.13	188.10	190.20	190.88	189.86	142.16
65	Insurance (Life) (10)	160.51	−0.8	—	6.62	—	161.79	164.10	165.08	163.09	135.78
66	Insurance (Composite) (8)	129.35	−1.7	—	7.29	—	131.63	133.46	136.49	134.80	126.18
67	Insurance Brokers (10)	285.53	−0.7	17.62	6.71	8.14	287.52	292.51	293.82	291.79	329.08
68	Merchant Banks (14)	102.00	−0.8	—	5.23	—	102.78	102.85	101.70	100.82	80.65
69	Property (42)	351.57	−0.3	3.04	2.58	50.43	352.51	354.04	355.23	352.41	232.47
70	Miscellaneous (10)	125.23	−0.9	15.01	7.44	8.57	126.36	126.53	126.58	125.90	109.44
71	Investment Trusts (111)	221.67	−0.9	—	5.20	—	223.81	224.34	223.78	222.29	209.22
81	Mining Finance (4)	138.24	−0.5	14.44	5.69	8.41	138.89	139.25	139.31	136.69	100.88
91	Overseas Traders (20)	372.86	−0.4	15.00	6.78	8.47	374.48	375.85	367.41	365.84	312.11
99	ALL-SHARE INDEX (750)	259.27	−0.7	—	5.22	—	260.97	264.34	265.11	261.62	215.29

FIXED INTEREST PRICE INDICES

	British Government	Mon., June 11	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.06	+0.22	—	4.36
2	5-15 years	118.04	+0.27	—	5.04
3	Over 15 years	124.65	+0.26	—	5.52
4	Irredeemables	131.98	+0.41	—	6.30
5	All stocks	115.48	+0.25	—	4.95

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Mon., June 11	Fri., June 8	Year ago (approx.)
1	Low Coupons	5 years	9.86	9.95	8.70
2		15 years	10.80	10.81	10.78
3		25 years	11.27	11.30	11.45
4	Medium Coupons	5 years	11.61	11.68	11.06
5		15 years	12.04	12.07	11.97
6		25 years	12.12	12.17	12.18
7	High Coupons	5 years	11.85	11.93	11.20
8		15 years	12.39	12.42	12.57
9		25 years	12.39	12.42	12.8[illegible]
10	Irredeemables		11.11	11.15	11.63

		Mon., June 11 Index No.	Mon., June 11 Yield %	Fri. June 8	Thurs. June 7	Wed. June 6	Tues. June 5	Mon. June 4	Fri. June 1	Thurs. May 31	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	59.57	†12.47	59.71	59.66	60.19	60.26	60.22	60.30	60.31	57.1
16	Investment Trust Prefs. (15)	51.78	13.54	51.78	51.82	52.37	52.41	51.41	52.21	52.57	52.9
17	Coml. and Indl. Prefs. (20)	73.04	12.85	73.43	73.43	73.80	73.90	73.96	74.03	74.29	71.3

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	$US7.44		.....	—

Net asset value June 6.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg.Fd.	£12.17	12.18xd	.....	11.21

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	120	126	+1.0	8.06

Next dealing June 18.

Gov't Secs. Tst.	95.0	99.0	−1.0	12.63

Next dealing June 18.

East &Intl.Tst.(CI)	101	108	.....	3.47

Next dealing date June 14.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US1.48		.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	111.85	112.43	.....	8.23

Prices at June 7. Next sub. day June 13.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$57.33	59.12	+0.05	7.97

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	87.4	92.7xd	.....	4.50

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	48.8	51.3	.....	12.0
Unidollar Trust	US$11.53	12.12	.....	1.66
Unibond Trust	US$97.67	98.60xd	.....	9.00

Kemp-Gee Management. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741

Capital Fund	118.3	121.9	.....	—
Income Fund	68.2	70.4xd	.....	8.87
Gilt Bond	£1,015	1,069	.....	—

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,320	1,452	+12	2.40
Bondselex	Fr119.55	125.55	.....	2.40
Cent. Assets	£146.59	146.64	+0.10	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.67	9.72	.....	11.50
Gilt Trust (I.o.M.)	108.8	111.9	+0.2	11.50
Gilt Fnd. Guernsey	9.87	9.92xd	.....	—

Intl. Govt. Secs. Tst.

First Sterling	£19.11	19.19	.....	—
First Intl.	$US211.11	212.62	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.		1,092	+11	4.40
Guernsey Inc.	70.9	75.2	.....	2.96
Do. Accum.	90.2	95.5	.....	2.96
KB Far East Fd.		US$13.19xd	.....	2.27
KB Gilt Fund	£11.27	11.34	.....	10.91
KB Intl. Fund		US$12.35	.....	2.26
KB Japan Fund		$US37.03	.....	0.93
K.B. U.S. Gwth. Fd.		$US13.18xd	.....	1.59
Signet Bermuda		US$5.30	+0.12	1.70
K.B. Int. Bd. Fd.		$104.40	.....	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Hellier, Jersey. 0534 27561

Lloyds Tst. O'seas	53.6	56.4	.....	2.26

Next dealing June 15.

Lloyds Trust Gilt	£10.37	10.38	.....	11.50

Next dealing June 13.

8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	169.7	185.5	−2.3	3.32

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381

HS Channel Is. F.	136.4	145.0xd	.....	3.00

Box 2622, Bern, Switzerland. Telex 33425

H.S. Overseas	US$19.48	20.26	+0.05	—
C.S.F. Fd. (Acc.)	SF16.50	16.83	−0.06	—
F3.88 3.96 −0.03	SF3.88	3.96	−0.03	—
ITF Fd. (Acc.)	US$9.21	9.35	−0.03	—

N.V. Interbeheer
P.O. Box 526, Delft, Holland

Esmeralda Iss. Pr. DFL	49.12	—	+0.04	—

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst.	A$2.40	2.52	.....	—

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	£1.52	1.62	.....	—

A at May 31. Next sub. day June 29.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$338.27	+12.77	2.30
Jardine J'pn.Fd.*	HK$372.50	−18.03	0.09
Jardine S.E.A.	US$17.42	+0.23	2.00
Jardine Flem. Int.	US$12.77	+0.04	0.80
Intl.Pac.Secs.(Inc.)	US$13.44	−0.18	1.30
Do. (Accum.)	US$13.63	−0.18	—

NAV May 14. *Equiv. US$73.11. Next sub. day June 15.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.

L.J. Sterling Fund	£10.07	10.08	+0.02	—

Uniremta	DM37.65	38.80	−0.10	—
Unifonds	DM16.54	17.40	.....	—
Unirak	DM47.17	49.55	+0.05	—
Unispecial I	DM59.53	62.60	+0.20	—
Atlanticfonds	DM11.75	12.40	.....	—
Europafonds	DM25.07	—	+0.06	—

Utd. Intnl. Mngmnt (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey

U.I.B. Fund	US$100.36	104.57	.....	7.89

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fund	US$11.22		−0.05	0.89

Net asset value June 7.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Conv. Bd. June 8		US$9.52	.....	—
Eng. Int. June 8		US$24.36	−0.04	—
Gr.St.$Fd. May 31		US$7.94	.....	—
Merc. Bd. June 6	US$10.62	10.73	.....	0.4092
Merc.Mny.Mkt.Jun.11	£10.81	10.83	+0.02	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy.C1 0534 73741

CMF Ltd. May 31	$US13.33	13.67	.....	2.90
CMT Ltd. May 31	£13.46	13.81	.....	2.80
Metals Tst. May 17	£16.00	16.40	.....	5.46
TMT May 10	US$10.67	10.94	.....	2.84
T.M.T. Ltd. May 10	£10.71	10.99	.....	1.06

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		US$18.03	−0.01	—

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015

Wren Commod. Tst.	38.0	38.4	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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Over Fifteen Years

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LOANS

Public Board and Ind.

High	Low	Stock	Price	+ or -	Int.	Red. Yield
66	56	Agric. Mt. 5pc '59-89	63xd		7.89	11.13
90	75	Alcan 10½pc '89-94	84xd	-1	12.50	12.90
30½	24½	Met. Wtr. 3pc 'B'	28½	-¼	10.83	12.68
129	117	U.S.M.C. 9pc 1982	120xd		7.50	—
95	87	Do. without Warrants	89½xd		10.05	13.40

Financial

High	Low	Stock	Price	+ or -	Int.	Red. Yield
103¼	95¼	FFI 13pc 1981	101	-1	12.87	12.27
107	100	Do. 14pc '79	100½		14.19	—
109¼	98¼	Do. 14pc '83	104½	-1¼	13.40	12.66
86½	77½	ICFC 5½pc Deb '80-82	85½		6.54	11.20
85	71½	Do. 6¼pc Db '81-84	79xd		7.91	11.60
99	84½	Do. 10½pc Uns.Ln. '86	91½xd	-½	11.47	12.40
99	84½	Do. 11pc Uns.Ln. '88	92xd		11.95	12.40
101½	84	Do. 11¾pc Uns.Ln. '90	95½xd		12.30	12.60
72½	57	Do. 7¼pc A Deb. '89-92	66½xd		10.90	12.40
69	53½	Do. 7½pc A Db. '91-94	65½		11.38	12.70
81½	64½	Do. 9pc 'A' '91-94	79	+½	11.74	12.50
79½	62½	Do. 6¾pc Ln. '92-97	76		12.19	12.60

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BANKS AND HIRE PURCHASE

High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's	P/E
270	230	Brown Shipley £1	258		+9.41	—	5.4	—
375	270	Cater Ryder £1	328	-2	18.88	—	8.6	—
110	75	Clive Dis'nt 20p	95	-2	5.33	—	8.4	—
224	158	Com'l Aus. (SA1)	166		+016c	2.9	5.6	6.3
£17¼	£11½	Com'zbk DM 50	£11½		Q26.6%	—	7.3	—
£16½	£13½	C'hgn. Hbk. Kr100	£14		Q12%	—	8.8	—
41	29	Corinthian 10p	35		1.05	5.9	4.5	4.0
£24¾	£19½	Cred. France F75	£20⅜	+⅜	Q9.87%	—	3.2	—
16	14	Dawes (G. R.)	14		—	—	—	—
£121	£79	Deutsche Bank DM50	£79½	-½	Q18%	—	2.9	—
90	63	F. C. Finance	73		2.2	4.9	4.5	6.8
8¼	5¼	First Nat. 10p	7¼	-¼	—	—	—	0.6
4	2	Do. Wrrts. 75-83	3½		—	—	—	—
16¼	13½	Fraser Ans. 10p	15¼		—	—	—	—
257	178	Gerrard Natnl.	230	-4	9.12	—	5.9	—
62	45	Gibbs (A.)	48		2.2	—	6.8	—
270	217	Gillett Bros. £1	257	-3	16.95	—	9.8	—
29	19	Goode D't Mry. 5p	25½		0.25	—	1.5	—
153	116	Grindlays	132		3.07	7.5	3.5	4.1
120	98	Guinness Peat	103	-1	H5.67	—	8.2	—
330	173	Hambros	311	+3	+9.76	—	4.7	—

BANKS & HP—Continued

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NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	28	......	Sheff. Refrshmt	87	......
Ash Spinning	105	......	Sindall (Wm.)	140	......
Bertam	25	......	**IRISH**		
Bdg'wtr. Est. 50p	415	......	Conv. 9% '80/82	£91	......
Clover Croft	28	......	Alliance Gas	60	−20
Craig & Rose £1	£111½	......	Arnott	400	......
Dyson (R. A.) A	38	......	Carroll (P.J.)	120	+3
Ellis & McHdy	68	......	Clondalkin	85	......
Fife Forge	54	......	Concrete Prods.	100	......
Finlay Pkg. 5p	19	......	Heiton (Hldgs.)	82	......
Graig Ship. £1	285	+20	Ins. Corp.	217	......
Higsons Brew	80	......	Irish Ropes	90	......
Holt (Jos) 25p	260	......	Jacob	44	+4
I.O.M. Stm. £1	162	......	T.M.G.	205	+5
Pearce (C. H.)	235	......	Unidare	86	......
Peel Mills	30	......			

OPTIONS
3-month Call Rates

Industrials		I.C.I.	24	Unilever	55
A. Brew	9	"Imps"	8	U.D.T.	5
BOC Intl.	6	I.C.L.	55	Utd. Drapery	10
B.S.R.	7	Inveresk	7	Vickers	18
Babcock	18	KCA	5	Woolworths	7½
Barclays Bank	32	Ladbroke	22		
Beecham	52	Legal & Gen.	14	**Property**	
Blue Circle	18	Lex Service	11	Brit. Land	7½
Boots	18	Lloyds Bank	25	Cap. Counties	9
Bowaters	18	"Lots"	5	Land Secs.	25
B.A.T.	28	London Brick	7	MEPC	17
Brown (J.)	50	Lonrho	8	Peachey	13
Burton 'A'	26	Lucas Inds.	25	Samuel Props.	14
Cadburys	7	"Mams"	18	Town & City	2¾
Courtaulds	10	Mrks. & Spncr	11		
Debenhams	8	Midland Bank	30	**Oils**	
Distillers	21	N.E.I.	14		
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	18		
G.U.S. 'A'	30	Spillers	4½	**Mines**	
Guardian	24	Tesco	7		
G.K.N.	28	Thorn	35	Charter Cons.	16
Hawker Sidd	26	Trust Houses	17	Cons. Gold	20
House of Fraser	18	Tube Invest.	30	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday June 12 1979

SWING TO THE RIGHT THROUGHOUT EUROPE

Christian Democrats make big gains

BY REGINALD DALE, EUROPEAN EDITOR, IN BRUSSELS

CENTRE-RIGHT parties consolidated their broad advance in the European elections as the bulk of the results from all nine participating nations were counted yesterday.

The sweeping gains made by the British Conservatives were matched by Christian Democrat successes in West Germany, the Netherlands, Belgium and Luxembourg, while the French result was a victory for the Centrist supporters of President Valery Giscard d'Estaing.

In Italy, both Christian Democrats and Communists slipped slightly from the totals they recorded in the national elections 10 days ago, while the pro-European Socialists moved up from 9.8 to 11 per cent of the vote in an 86 per cent poll.

Elsewhere politicians were disappointed at the relatively low turnout, particularly in West Germany where 65.5 per cent of the electorate voted—well below the 80 per cent or more usual in German elections. In France, the 39 per cent abstention rate was a near-record.

In spite of the Christian Democrats' successes, the Socialists looked virtually certain to maintain their position as the largest Parliamentary group in Strasbourg. But they will no longer have the dominant role they enjoyed in the old, nominated Parliament, where they held one third of the seats.

A computer projection by the European Broadcasting Union suggested that the Socialists would have 111 seats in the new 410-seat Parliament, against 106 for the Christian Democrats. The Anglo-Danish Conservative group, which sits separately from the Christian Democrats, was put at 63, the Communists at 44, Liberals 40, Progressive Democrats (French Gaullists and Irish Fianna Fail) 23, and others 23.

In Denmark, anti-Marketeers were jubilant after five opponents of EEC membership gained places in the country's 15-strong metropolitan delegation, and another won the single seat in Greenland. Although the Government stressed that there would be no change in its European policies, the anti-Marketeers were predicting Danish withdrawal in a few years' time.

In Belgium, the Christian Democrats led by Mr. Leo Tindemans, the former Prime Minister, swept Flanders, while in Ireland the Fianna Fail Government of Mr. Jack Lynch suffered a setback at the hands of independent candidates.

Tories win 60 seats

BY RICHARD EVANS, LOBBY EDITOR

THE CONSERVATIVES completed a summer election double yesterday by winning 60 of Britain's 78 European constituencies and becoming the largest single national group in the Strasbourg Parliament.

Labour will send 17 MPs to Europe — a result that deeply depressed the party's pro-Marketeers but one that they feared might have been even worse because of the abysmally low turnout.

The remaining seat outside Northern Ireland went to the Scottish Nationalists after a surprise victory by Mrs. Winnie Ewing, the former Westminster MP, in the Highlands and Islands. She defeated Mr. Russell Johnson, the Liberal MP, by nearly 4,000 votes, leaving the Tory, who started favourite trailing in third place.

The result in the only seat where there was any prospect of a victor other than Labour or Conservative meant that the Liberals, although polling over 13 per cent of the votes nationally, failed to secure any representation.

Mr. David Steel, Liberal leader, and his followers complained bitterly about the unfairness of Britain's first-past-the-post system, and they intend to mount a protest when the directly - elected Parliament meets for the first time in Strasbourg next month.

STATE OF THE PARTIES

	Seats	Total votes	% of poll
Conservatives	60	6,508,481	50.6
Labour	17	4,253,210	33
Liberals	0	1,690,600	13.1
Scots. Nats.	1	247,836	1.9
Plaid Cymru	0	83,399	0.6
Others	0	90,318	0.7

Figures do not in include Northern Ireland

There are already signs of growing support among leading Labour MPs for the introduction of proportional representation into the European elections in the future.

The Conservatives secured 50 per cent of the votes cast, against Labour's 33 per cent and achieved a net voting swing in their favour of 5 per cent since the May general election.

Tory leaders were well satisfied with the results, in spite of the low turnout of 32 per cent.

The Labour Party, on the other hand, has now suffered two severe electoral defeats within five weeks, and a painful party inquest is inevitable.

Pro-Marketeers were saddened by the party's performance and internal divisions, and blamed the attempts by the National Executive Committee and anti-Market MPs to turn the party against the Community.

But anti-Marketeers were convinced that the results had proved their point that the Common Market was deeply unpopular.

The Rev. Ian Paisley, hard-line leader of the Democratic Unionist Party, comfortably won the first of Northern Ireland's three seats in the European Parliament. In the first count under the proportional representation voting procedure, he received 170,688 votes, well above the 143,000 quota needed for election.

Way ahead to Strasbourg, Page 18

Election details Page 2

THE LEX COLUMN

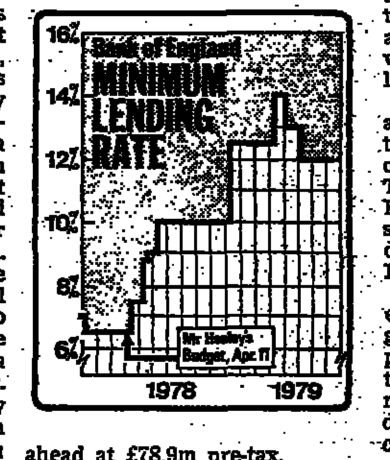
Second-half dent in Metal Box

Last November Metal Box launched its rights issue on the strength of a 25 per cent advance in pre-tax profits, but the full year presents a quite different picture. The winter's disruptions are said to have cost the UK operations around £5m, and with the overseas business patchy, and unflatteringly affected by the strength of sterling, the second half shows a 13 per cent setback. At £58.2m for the full year MB is up just 4 per cent, and having recorded £58.1m in 1976-77 it is in danger of getting stuck on a plateau.

The group does have one buoyant area in the UK—central heating, where profits appear to have risen by something like £4m and now represent a quarter of total home earnings. But the UK spending spree by consumers has essentially been on durables, whereas food can volume has eased a fraction, while soft drink can business has been depressed by the weather though beer volume is slightly up. Overseas, Indian profits have jumped by £2m but Nigeria has been a problem and the overseas tax charge has risen sharply. Earnings per share have slipped 7 per cent, though the p/e is still only 5.25 after a 16p drop in the share price to 312p, and the yield is almost 9 per cent.

The low rating reflects doubts about Metal Box's longer-term growth prospects in a largely static packaging market which is now subject to rapid technological change and—after the ending of the agreement with Continental Can—to greater competition. This year the group is looking for better volume trends in the home market but a good deal depends on the weather this summer, and it will face a tinplate price rise at some stage soon, after a period of relative stability. Meantime the cost of maintaining its competitive position is shown in the jump in spending on fixed assets to £67.1m plus another £26.6m on acquisitions.

Index rose 0.7 to 503.9



A.B. Foods

Troubles in the bread baking business have meant that hopes for growth at Associated British Foods have had to be postponed for about a year. The bread strike last autumn and its immediate aftermath knocked £5m or more out of group profits, and rationalisation has cost another £1m or so. Although losses on bread for 1978-79 as a whole are about half the previous year's figure (at maybe £1m or £2m), group profits are only marginally ahead at £78.9m pre-tax.

The immediate prospects are much brighter. A price rise and a partial recovery in market share has pushed the bread side well into the black during the opening months of 1979-80. Margins are being squeezed a bit on the milling companies, but the overall return on baking and milling should be usefully higher unless there is another strike. In the retailing division, Fine Fare says that it has learnt to live with the discounters—45 per cent of its sales now go through large stores or discount outlets—and margins ought to be steadier, from now on. Overseas, the group is now doing very well in South Africa, which accounts for nearly a third of total profits before interest.

With any luck, all this should add up to above average profits growth this year, though this is not reflected in the dividend yield—right in line with the average at 5.2 per cent—presumably because of bread and South Africa. But the group is still spending heavily on fixed assets—three times the depreciation charge last year—and that, together with its sound balance sheet, makes it one of the strongest groups in the foods sector.

EMS boomerang

The divergence indicator, one of the two sets of currency constraints which hold the European Monetary System together, was devised to prevent the D-Mark from becoming too strong and making life miserable for other member currencies. Ironically, is it now allowing just that to happen. While the Bundesbank boosts the D-Mark's value by selling dollars, it is the unfortunate Belgian franc which continu to show excessive downwai divergence against the Eur pean Currency Unit and whic thus bears the onus for corre tive action. The D-Mark's valu against the ECU remain virtuously within its prescribe limit.

The reason is that the Li and Sterling are much strong than would be allowed if the obeyed the normal EMS rule They have lifted the value of ECU, of which they are co stituents, and have thu disguised the true rise of th D-Mark.

Were it not for these tw errant currencies the dive gence indicator would now b pointing to a D-Mark revalu tion (to say nothing of Sterling rather than to a Belgian fran devaluation. The Bundesban can afford to smile—it wa strongly opposed to the idea o the indicator from the start.

Institutional cash

After last week's disturbing trade and banking statistics the final bunch of pre-Budget economic figures held no horrors for the gilt edge market. The rise in wholesale prices was much in line with expectations, and the slight drop in retail sales volume in May was mildly reassuring. Prices of long dated stock rose by around £¼.

It looked for a short time late last week that the institutions might start nibbling at the long tap, Treasury 11¾ per cent 2001-2004. It is not very far out of line with the market and the final £420m call on 11 per cent Exchequer 1991 a week ago has not prevented institutional liquidity from building up.

However, the institutions decided, sensibly enough, to wait and see what today's Budget holds. The Government's funding programme is already starting to slip behind schedule and it is coming under pressure to rise by some more funding in the June banking month which ends next week. Today's Budget could break the impasse.

Institutional liquidity has not been rising all that quickly in the absence of official gilt sales because of the steady flow of rights issues. So far this year more money has been raised than in the whole of last year and the unofficial queue still seems fairly full for the next couple of months. Some companies may be trying to raise money before they are crowded out by the anticipated official asset disposals while others may be taking precautions before corporate liquidity is squeezed further.

Leak stops Alaska oil

BY DAVID LASCELLES IN NEW YORK

THE TRANS-ALASKA pipeline, which carries North Slope crude oil to the Valdez loading terminal, has been shut down because of a suspected leak. This is the first time the $10bn pipeline has had to be shut down during routine operations since it was started up in 1977. If the shutdown is protracted it will deprive the U.S. of about 15 per cent of its domestically produced oil at a time when supplies are unusually tight.

The weather at the site of the leak, where the pipeline lies between six and 10 feet underground, was said to be bad, with wind, sleet and freezing temperatures. The ground is frozen solid.

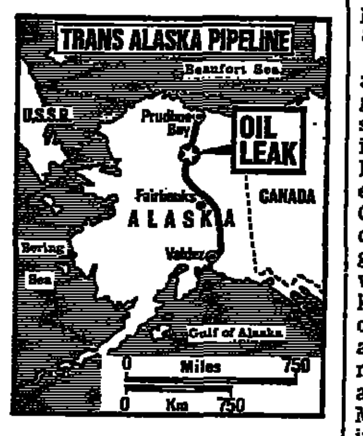
The Alyeska Pipeline Service Company, owner and operator, said that on Sunday morning a helicopter on reconnaissance noticed what appeared to be oil coming from the ground 150 miles south of Prudhoe Bay, the production terminal, where the pipeline crosses the Brooks range. At nearly 5,000 ft, this is one of the higest points on the pipeline.

Crews were dispatched to dig a containment channel and prevent oil from trickling into a river nearby. So far about 200 barrels of an estimated 500-barrel leak have been recovered. Other crews are digging a trench along the pipeline to discover the leak.

The company could not estimate how long the pipeline would be out of action. That would depend on how long it took engineers to find and repair the leak. In New York, though, it was thought unlikely that the repair would be speedy, given the conditions in which the crews are working.

The 800-mile trans-Alaska pipeline transports about 1.2m barrels of oil a day from the North Slope oilfields to Valdez, where it is loaded for shipment south. Apart from two disruptions during start-up and an attack by a saboteur last year, it has operated without interruption since it went into service in July, 1977.

Alaskan oil has helped to check the rapidly growing dependence of the U.S. on imports. If the interruption is sustained it could force the U.S. to buy on world markets at a time when spot prices are high and supplies uncertain.



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Brussels Commission unveils energy plan

By Giles Merritt in Brussels

A FAR-REACHING strategy for energy saving and development in the EEC up to 1990 is to be placed before the European Commission this week. It will then be submitted to the Council of Ministers.

The plan proposes targets for limiting the fuel consumption of cars, and casts doubt on the Community's ability to meet its growing energy requirements by 1990 if average GNP growth until then is maintained at the target level of 3.9 per cent a year.

The objectives being outlined by the Brussels Commission also stress that the ratio of the growth of energy consumption to economic growth must be reduced for the level agreed last year by member governments.

The targets set last July by the European Council of limiting the ratio to 0.8 by 1985 is replaced in the proposals by a new goal of below 0.7 by 1990.

The Commission is understood to be urging a freeze on EEC oil imports as part of an overall programme of boosting nuclear and coal-fuelled electricity. This would mean that by 1985, oil imports would stand at about the 1978 level of 470m tonnes. A vital element in the Commission's strategy concerns the boosting of nuclear and coal burning power stations to provide up to 75 per cent of all electricity in the EEC, in order to bridge the gap between the Community's present gross energy requirement of 970m tonnes of oil equivalent and the projected 1990 level of 1,395m tonnes.

The unveiling of the new strategy is understood to represent a Commission push for an EEC energy policy before the June 21 and 22 Strasbourg summit at which EEC heads of government are widely expected to concentrate on energy questions.

At the same time, Dr. Guido Brunner, the EEC Energy Commissioner, is expected to present a new scheme for monitoring all oil price movements in the Community when EEC Energy Ministers meet in Luxembourg early next week. The scheme would be an extension of that recently introduced to study, and if possible check, prices on the Rotterdam and Genoa spot markets.

The nuclear programme put forward in the proposals would involve massive investment.

Howell discounts early oil rationing

BY KEVIN DONE, ENERGY CORRESPONDENT

MR. DAVID HOWELL, the Energy Secretary, gave a warning yesterday that if there is a further sharp deterioration in world oil supplies, the Government could be forced to impose direct rationing of oil products.

But in a statement to Parliament he again ruled out any early moves by the Government to allocate oil supplies. He dismissed a call from Dr. Dickson Mabon, Opposition energy spokesman, for Government help in supplying priority users.

Dr. Mabon pointed to reports that hospitals, ambulance services and other essential services were either short in supply or were being held to ransom by being charged very high prices.

It was also a "complete nonsense," he said, that supplies to railways would be cut, because this would only lead to greater congestion on the roads and a rising demand for petrol.

Mr. Howell said that with the present limited shortfall in supplies, any system of priority allocation would be "wasteful, unfair and highly inefficient."

Actual supplies to UK consumers were running at about 5 per cent below current demand. Some oil companies had been forced to impose more severe rationing schemes than the UK's major suppliers, however. The Government had asked the oil industry to "achieve a more even and effective distribution."

Mr. Howell said he was not satisfied with the present arrangements for exporting about 45 per cent of UK North Sea oil production. But he offered no immediate proposals for changing the balance.

He did confirm that the Government is giving serious thought to taking its 12½ per cent North Sea oil royalty entitlement as crude oil rather than as cash from the beginning of next year.

● Mr. John Swearingen, chairman of Amoco, the U.S. oil company, said yesterday that the industrialised world's dependence on imported oil would grow over the next five years. Supplies would never be as abundant again as at the beginning of the 1970s. They would cost a great deal more.

Dubai gets $670m backing

BY JOHN EVANS

A $670m international financing package is being put together for the development of the gas and aluminium industries of Dubai, the Arabian Gulf state. It is believed in Dubai to be the largest financing of its type raised for industrial development in the Gulf region.

An official announcement in London yesterday said the Citicorp International Bank, Lloyds Bank International and National Westminster Bank have been authorised to arrange the financing on behalf of the state's main industrial projects — Dubai Aluminium Company (Dubal) and Dubai Gas Company (Dugas).

A $230m Eurocurrency loan will be mounted for Dubal and a companion $120m credit for Dugas. Both loans will have an eight-year maturity. In addition, a facility of $320m from the British Export Credits Guarantee Department will be assembled in favour of Dubal.

Continued from Page 1

Sales at shops fall

putes and the delayed implementation of pay awards.

Even after a 1.6 per cent drop compared with April, the volume of retail sales last month was still nearly 3 per cent higher than the average for the first three months of this year and 3.5 per cent above last year's level.

Retail sales account for only about half of total consumer spending, which may have remained very strong in May. This is suggested by a rise of nearly a fifth in sales of new cars last month compared with April.

The rise in spending during the last couple of months reflects various special factors as well as a continuing rise in real incomes. But the gap between the rates of growth of earnings and prices is narrowing.

Weather

London, S.E. and Cent. S. England, E. Anglia, Midlands, S. Wales
Sunny periods at first, becoming cloudy. Perhaps rain later.

E. and N. England, N. Wales, Isle of Man, S. and Cent. and E. Scotland, Cent. Highlands
Mainly dry, sunny periods.

S.W. England, Channel Is.
Cloudy, rain in places.

N.E. Scotland
Mainly dry, sunny periods.

N.W. Scotland, N. Ireland
Some rain. Sunny intervals at first, becoming cloudy.

Outlook: Mostly dry.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	27	81	Locarno	S	25	77
Algiers	S	26	79	London	C	13	55
Amsdm.	R	17	63	Luxmbg.	F	18	64
Bahrain	S	36	97	Luxor	S	43	109
Barclna.	C	24	75	Madrid	F	27	81
Beirut	S	29	84	Majorca	S	25	77
Belfast	C	17	63	Malaga	C	26	79
Belgrd.	S	29	84	Malta	S	30	86
Berlin	C	22	72	M'chstr	C	17	63
Biarritz	F	21	70	Melbne.	C	13	55
Bmghm.	F	16	61	Mex. C.	C	19	67
Blackpl.	C	17	63	Milan	S	27	81
Bordx.	F	22	72	Mntreal.	R	13	55
Boulgn.	C	12	54	Moscow	C	15	59
Bristol	S	17	63	Munich	F	24	75
Brussels	C	16	61	Nairobi	C	19	66
Budpst.	F	29	84	Naples	S	27	81
B. Aires	C	14	58	Nwcstle	C	16	61
Cairo	S	36	97	N. York	C	19	66
Cardiff	S	17	63	Nice	C	24	75
Cas'b'ca	C	21	70	Nicosia	S	31	88
Cape T.	C	14	57	Oporto	R	18	64
Chicago	S	22	72	Oslo.	S	17	63
Cologne	C	23	73	Paris	C	19	66
Conhgn.	C	14	57	Perth	S	13	64
Corfu	S	29	84	Prague	C	23	73
Dublin	C	19	66	Reykjvk.	R	10	50
Dbrvnk.	S	29	84	Rhodes	S	28	83
Ednbgh.	C	17	63	Rio J'o	S	27	31
Faro	S	23	73	Rome	S	28	62
Florence	S	29	84	Salzbrg.	F	26	79
Frankft.	C	24	75	Singapr.	S	31	88
Funchal	C	21	70	Stckhm.	S	21	70
Geneva	F	23	73	Strasbg.	C	24	75
Gibrltr.	F	25	77	Sydney	S	16	61
Glasgow	C	19	66	Tangier	C	21	70
G'rnsey	F	16	61	Tehran	S	28	83
Helsinki	F	18	64	Tel Aviv	S	27	81
H. Kong	R	25	77	Tenerife	C	29	84
Innsbrk.	F	25	77	Tokyo	C	25	77
I. o. Man	C	16	61	Toronto	C	11	52
Istanbul	S	28	82	Valencia	C	25	77
Jersey	C	15	59	Venice	S	27	81
Jo'burg	S	11	51	Vienna	C	25	77
L. Plms.	S	23	73	Warsaw	F	21	70
Lisbon	F	22	72	Zurich	F	21	70

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Pressure for 30% BOC pay claim

BY NICK GARNETT, LABOUR STAFF

MANUAL WORKERS at BOC's gases division who, with Ford workers were the first major group to break last year's pay guideline, are being urged to agree to a claim worth more than 30 per cent.

There is considerable pressure from groups of shop stewards to make the claim, due for settlement at the beginning of the new wage round, virtually non-negotiable. Stewards from the company's 42 gases division depots which suffered a highly damaging strike over pay by the same group two years ago, met at the weekend to begin formulating the claim.

The fear of a pay freeze and to a lesser extent the top salary and doctors' awards were the principal factors in drawing up the recommendation. It has been kept very simple and involves a £25 across the board increase on basic pay, currently £74 to £78 with full consolidation.

The 3,000 drivers and gas cylinder handlers, whose settlement runs from the end of September are also conscious of the way settlements tended to increase in size during the first half of the last pay round.

They settled for 9.3 per cent last year, following unofficial industrial action in some depots. Senior stewards indicated yesterday that anything under 20 per cent or perhaps more is likely to prove unacceptable to the group which has considerable power to disrupt manufacturing industry by industrial action.

Stewards are also seeking to settle the claim as early as possible partly because of anxiety over a Government clampdown on pay. Branches will meet this week to discuss the recommendation. Their views will then be discussed at a national meeting of senior stewards which will settle the claim.

The company has been holding a series of joint talks with the group on shorter working hours. Senior stewards said yesterday that these had been making little progress.

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